

SAGA OF SCINDIA

1919—1969

DEDICATED TO
INDIAN SHIPWRIGHTS AND SAILORS,
UPON WHOSE SKILL AND SEAMANSHIP
IS FOUNDED THE PROGRESS OF SHIPPING
AND SHIPBUILDING THROUGH THE AGES

Published By

I M Choksi, Publicity Officer,

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March 27, 1969

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लाठ सर्वोदय ट्रस्ट
की ओर से



SAGA OF SCINDIA

STRUGGLE FOR THE REVIVAL OF INDIAN SHIPPING AND SHIPBUILDING

by
N G JOG

Foreword by
SUMATI MORARJEE

GOLDEN JUBILEE VOLUME



JALANATH
The Lord of the Sea

"do Thou convey us in a ship across the sea for our welfare"

द्विषो नो विश्वतोमुखाति नावेव पारय ।
स न. सिन्धुमिव नावयाति पर्षा स्वस्तये ।

Foreword

THE DIRECTORS of the Scindia Steam Navigation Company Ltd have great pleasure in presenting this Golden Jubilee Volume. It recounts the history of the company from its inception in 1919 to the completion of fifty years of its existence. As in the life of the nation, so in that of this company the past half century has been a period of storm and stress, struggle and fulfilment. We have passed through numerous vicissitudes and have been continuously faced with problems and difficulties. This is the mark of a vigorous life.

If Scindias have attained their present pre-eminent position in the shipping industry of India, it is because their foundations were laid truly and well by Narottam Morarjee and Walchand Hirachand. Their foresight, their fortitude and their patriotism enabled them to surmount the seemingly insuperable obstacles in their way and to establish this company—and with it national shipping itself—on a sound basis. They were path-finders.

It may be readily conceded, at the same time that Scindias would not have been what they are today without the encouragement and support of our great national leaders. The Father of the Nation himself took a paternal interest in the growth and welfare of the company and it is a matter of great happiness to us that we are celebrating our Golden Jubilee in the centenary year of his birth. We take this opportunity to pay our grateful homage to him.

The period when the Scindia company was established was crucial

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the great part that shipping plays in the economic and industrial

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life of a country, they endeavoured to build a national mercantile marine, which also serves as a second line of defence

They set their sights high and even while they were struggling to establish national shipping, they took steps to build a shipyard at Visakhapatnam, which was a stupendous undertaking in the circumstances prevailing then. Now known as the Hindustan Shipyard, it may well be considered as Scindia's gift to free India.

That Indian shipping could really come into its own only after independence in no way detracts from the achievements of the company during its first thirty years. Freedom is a pre-requisite for the healthy growth of every organism.

The present volume chronicles the ideals that have imbued Scindias as a national enterprise, the events that have influenced and conditioned their development, the sacrifices they have cheerfully made and the services they have rendered to the nation. I am sure that a perusal of this volume will convince the reader that its title *SAGA OF SCINDIA* is in no way presumptuous.

The noble legacy of our founders and the blessings of our national leaders are a sacred trust with us and we will be guided by it in the decades to come as we have been in the climacteric years that are behind us. An organisation like Scindias develops a personality of its own, which is more abiding and powerful than that of those who are called upon to serve it at any given time.

We are thankful to Shri N. G. Jog, author and well-known journalist, for having agreed to write this history of our company at short notice. How well he has done it, I leave it to the reader to judge.

It would not have been possible to bring out this volume but for the unstinted co-operation of many trusted friends and colleagues in and out of the company and to them I am grateful.

On this auspicious occasion our hearts go out in salutation to those—ashore and afloat—who have kept our flag bearing the Swastika flying high with faith and courage.

March 27, 1969
Scindia House,
Ballard Estate,
Bombay-1

Sumati Naraije

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Introductory

A GOLDEN JUBILEE is a memorable occasion in the life of every organisation. It is the more so in the case of an organisation like the Scindia Steam Navigation Company which, from its very inception, has thought of itself more as a national enterprise than as a commercial undertaking. No less a person than the Father of the Nation said in a tribute to its founder, Narottam Morarjee, that the Scindia Steam Navigation Company was conceived "as much through patriotism as through ambition." It was the ideal of the revival of Indian shipping that primarily inspired Narottam Morarjee and his colleague Walchand Hirachand.

The history of the last fifty years of Scindias is the story of how this ideal has been achieved. It is, therefore, also the history of Indian national shipping, of its early struggles against entrenched British interests, of the trials and tribulations it had to undergo under foreign rule and of its Herculean efforts for sheer survival. As such, Scindias's history is an integral part of the history of the larger struggle for India's freedom. "National shipping in India," observed Dr. Rajendra Prasad, "has been closely identified with the national movement owing to a complex of forces, more indeed than any other section of Indian industrialism." Sardar Patel drew an apt "parallel between the illuminating history of the Scindia Company and the annals of another great institution in India viz the Indian National Congress."

The history of a company which attracted the plaudits of our foremost national leaders surely deserves to be told at some length as it steps into the second half century of its existence on March 27, 1969. The main burden of this history is the attainment of India's maritime freedom, the revival of its national shipping. Shipping plays a far more important part in the economic life of a nation • than is generally realised. It is a key element in a country's progress.

Through it the trade of the world flows and its industry flourishes. Today the ships of over eighty nations carry a billion tons of cargo of all descriptions to the farthest corners of the earth to keep the wheels of industry moving, to feed hungry people and generally to sustain the weal of mankind.

Our early forbears were great seafarers. The art of shipbuilding in India is as old as its civilisation. Indeed, Indian civilisation spread to distant shores and enriched the peoples of the world through its maritime activities. After a glorious tradition of thousands of years, Indian shipping began to decay in the nineteenth century until it almost disappeared. The history of that period was neatly summed up by Mahatma Gandhi when he remarked: "Indian shipping had to perish so that British shipping might flourish."

The early efforts of men like Jamsetji Tata and Chidambaram Pillai, who were fired with the spirit of Swadeshi, to revive national shipping were relentlessly crushed by British shipping companies, which had established a monopoly in Indian waters through Britain's political supremacy. The story of Scindias deserves a recital if only because theirs was the first successful effort to revive national shipping and to regain India's lost maritime heritage. Narottam and Walchand personified the spirit of economic nationalism. They had to wage a grim and prolonged fight against overwhelming odds for the very survival of Scindias—but not of Scindias alone. The future of national shipping itself was at stake. They were pioneers and path-finders.

By a happy if fortuitous coincidence the first ship of Scindias, the s.s. "Loyalty", sailed from Bombay to London on April 5, 1919—just a day before the nation-wide hartal called by Mahatma Gandhi, which ultimately led to the non-cooperation movement. Discerning the unique nature of the venture, Mahatma Gandhi took time off from his preoccupations to visit Narottam Morarjee to bestow his blessings.

It is another fortunate coincidence that Scindias are celebrating their golden jubilee in the centenary year of Gandhiji's birth. His blessings will ever remain a source of inspiration and fortitude to the men on the bridge of Scindias as they steer their ship into the second half century and dedicate themselves anew to the ideals bequeathed to them by the founders of the company.

India's Maritime Heritage

IT MAY READILY be conceded that Scindias were not exploring new horizons when they started their business in 1919. Theirs was essentially a mission of rediscovery of India's glorious maritime heritage, of revival of its shipping and of regeneration of its maritime industry. India was in the vanguard of world navigation for several millennia. Bounded on three sides by the ocean and with mighty rivers flowing from the mountains into the seas, with its vast coastline of 5,700 kilometres studded with ports, big and small, geography itself has ordained that India should be a seafaring nation. The timbers of its rich forests provided excellent material for building riverine boats as well as ocean-going vessels and from the dawn of civilisation India has been famous for its shipping and ship-building.

The earliest evidence of this is found in the archaeological remains of Mohen-jo-daro (now in West Pakistan) and Lothal (Gujarat) *circa* 3,000 to 5,000 B.C. A potsherd discovered at Mohen-jo-daro depicts a ship with a mast. Still more convincing proof of our earliest maritime achievements is available at Lothal, which seems to have had a regular brick-built dockyard. A terracotta boat model also has been found there. Though no definite evidence is available of the construction technique or capacity of Indian ships in protohistoric times, the citizens of Mohen-jo-daro, a city situated on a large and navigable river like the Indus, probably carried a prosperous trade inland as well as sea-borne. The Indus valley in those days had intimate intercourse with Sumer and *ea*, the latter being naturally preferred. *ogists* have alluded to the trade which *es* in the West. The findings of Indian confirms the observation of the famous at commerce by sea between India and

Babylon must have been carried on as early as about 3000 B C. This conclusion is strengthened by the fact that a beam of Indian cedar was found in the palace of Nebuchadnezzar, a part of it is exhibited in the British Museum.

Coming to historic times, abundant evidence of India's maritime activities is available in archaeology, iconography, sculpture and literature. In his monumental book on the history of Indian shipping Dr Radha Kumud Mookerji has proved by a wealth of evidence that "ship-building was carried on in very early days in India, that Indians traded in those days with Arabia, Egypt, Africa and Rome by vessels built in India. It is a historical fact that ship-building was an extensive industry in ancient India and it has been established that Indian teak vessels traded to Africa and, it is claimed, went as far as Mexico."

In the *Rig Veda*, which is one of the earliest literary records of the human race, the god Varuna is attributed with the knowledge of the routes of the oceans as also that of the vessels sailing on them. A hymn in the *Atharva Veda* observes that the boats which rode the waves were "broad in beam, spacious, comfortable, resplendent with strong rudders and faultless in construction." The *Ramayana* refers to distant lands "where grows the worm that yields the silken thread" and to the "Lohita Sagar"—the references obviously being to China and the Red Sea respectively. The *Mahabharat* mentions the naval activities of the Pandavas. *Vrikhsa Ayurveda*—a botanical treatise written in the 6th century B C—mentions the types of wood best suited for a particular kind of boat. *Yuktikalpataru* by Bhoja served as a text-book to later Indian shipbuilders.

There are numerous references to sea voyages in Pali literature too. The *Rajavalha* mentions that the ship in which Prince Vijaya sailed from Bengal to Lanka could accommodate 700 passengers. The *Sankha Jataka* mentions a ship 800 cubits long, 600 cubits wide and 20 fathoms deep with three masts. Tibetan legends also provide proofs of ancient Indian navigation.

The Bible refers to early maritime commerce from India. In the days of Solomon ivory, spices and peacocks could be had from India alone. Typical Indian products like ivory and ebony are included in the list of merchandise brought by Solomon's ships from the port of Ophir, as mentioned in Book I of Kings. A list

of merchandise brought from Ophir is also given in the *Old Testament*.

According to Greek writers like Arrian and Curtius, shipping was a highly developed industry in India in the 4th century B C. It was this which facilitated the passage of Alexander's army of over 100,000 soldiers through the Indus. According to Arrian, Alexander's General, Nearchus, assembled a fleet of 800 boats, Ptolemy's estimate being as high as 2,000 vessels. This ancient armada was not equalled for sheer numbers even in the colossal convoys of the Second World War.

The *Arthashastra* of Kautilya gives an elaborate account of maritime trade, its organisation, the taxes levied and safety precautions imposed during the rule of Emperor Chandragupta Maurya (321-297 B C.).

The four centuries between 200 B C and 200 A D. marked the heyday of Indian shipping. It was during this period that Indians carried on their colonisation of distant lands so remote as Sumatra and Java, the latter of which still cherishes its Hindu origin. Indian sculptures in Borobudur (Java) strikingly reveal the high-water-mark which Indian shipbuilders had reached in those days. Similar evidence is provided in the Sanchi *stupas* and Ajanta frescoes in India. Pliny, the Greek historian of the 1st century, lamented the drain of Roman gold into the East, especially India.

Numismatic evidence also indicates extensive commerce to the West from India, particularly from its southern peninsula to Rome during the reigns of Augustus and Nero. To this day Roman coins are found in the eastern region of India. Periplus noticed many Indian ships off East African, Arabian and Persian ports and Hindu settlements on the north coast of Socotra. Maritime commerce was not confined to the Western countries. India had an equally active economic and political intercourse with the Far East also. According to Chinese annals, active communication was maintained between

in A.D. 1418, was

• region from Lower Burma to China and also the Malay

Archipelago were studded with prosperous Indian colonies and maritime stations

The second colonisation of Java was carried out by adventurers from Saurashtra in the sixth century A.D. Not only Java but the entire area from Pegu right round the Java Sea, Siam and Spice Islands and the isles in the Pacific upto Manila and some parts of South America bear unmistakable evidence of having been colonised by the Andhras and the Tamils

Indian ships sailed over the seas right from the dawn of history through the Mauryan and the Kushan period, through the region of the Chalukyas and Cholas marking a sustained era of religious and cultural expansion, which is sometimes mistakenly called Hindu imperialism. At any rate, it was an imperialism without its modern odious implications. Hindu culture was willingly embraced by distant peoples and lands

Marco Polo, who visited India in the 13th century, has left a vivid description of Indian ships. He saw ships that carried ten small boats slung on the side, like present-day life-boats, with falls and tackle to lower them into water and haul them over the sides, with sixty cabins below the main deck for berthed passengers. They were mostly four-masted and with as many as 14 water-tight compartments separated by stout bulk-heads

Friar Odoric saw in the 14th century a Rajput ship of over a thousand tons burden carrying 700 passengers. Another foreign traveller in the same century speaks of these vessels as "sailing like mountains, with the wings of the winds". The first convoy of the East India Company had five ships, the largest of which was only of 600 tons. When the Portuguese first brought a vessel of 1,500 tons to Indian waters, it was found to be much smaller than a Gogha vessel—the "Rehemy"—which, they had to admit, was then the largest ship in the world. Cesare di Fedrici, a Venetian traveller writing about 1565, stated that such was the abundance of materials for ship-building in India that the Sultan of Turkey found it cheaper to have his ships built at Dacca rather than at Alexandria

India's maritime supremacy was maintained under the Moghuls. Akbar the Great gave impetus to shipping and ship-building. According to the *Ain-i-Akbari*, 40,000 vessels were engaged in commerce in the Indus alone in Akbar's time. Abul Fazal, its author, has mentioned the elaborate rules framed for the organisa-

tion of the navy During the reign of Aurangzeb, ships were kept ready at the port of Surat to carry Haj pilgrims free to Mecca

The great Maratha King Shivaji fully recognised the value of naval power He built a chain of naval forts along the Konkan coast to harbour his warships But it was Kanhoji Angria and his successors, who really struck terror into the heart of foreign interlopers Not until the power of the Angrias was destroyed could the East India Company feel safe in Surat or Bombay Lower down the western coast, the Calicut navy gave a gallant fight to the Portuguese, who were trying to secure absolute command over the coastal waters in the 16th century

The question naturally arises why despite this sustained maritime supremacy for over two thousand years, Indian shipping should have gradually succumbed to the European powers in the course of a couple of centuries According to Jawaharlal Nehru, the contact of East with the West took place at a time when "Asia had become dormant, exhausted by its past efforts while Europe, backward in many ways, was on the threshold of vast changes" But this explanation does not provide all the answers During the 259 years between the arrival of Vasco da Gama at Calicut (1498) and the Battle of Plassey in 1757, India was far from dormant. The Moghul Empire flourished during this period and so did many lesser kingdoms in the south and the east

True, the numerous Indian principalities were fighting among themselves But so were the European powers—the Portuguese, the Dutch, the English and the French—for establishing a foot-hold in India The eventual triumph of the English was a slow and prolonged process and it does not concern this chronicle But what matters to us is the fact that the decline and ruin of Indian shipping—as of its other industries—followed—not preceded—the final conquest of India by the British It was an inevitable economic consequence of political subjection to a nation, which came here first and primarily

Indian shipping

Wadia family of

ships for the c

themselves in Britain's naval battles with Napoleon

Lord Wellesley (Governor-General from 1798 to 1805) was a stout champion of Indian ships and shipbuilders. He considered that it was in the interest of his own countrymen to patronise Indian ships which were more durable and economic. The East India Company's records mention a vessel built at Bhavnagar in 1750—the "Daria Daulat"—which was thoroughly sound after 87 years' continuous service while ships of the British Navy had to be renewed every 12 years.

Teakwood battleships lasted fifty years or more. Many Bombay-built ships after sailing for over 15 years were acquired by the British navy and were considered serviceable for several years more. Colonel A. Walker calculated in 1811 that ships built in the docks of Britain were four times as costly as those built in India. The East India Company's shipbuilding yards were located in Bombay, Calcutta, Sylhet, Chittagong and Dacca. In the first two decades of the nineteenth century, the ships built on the Hooghly alone aggregated a tonnage of 107,912 costing Rs. two crores.

That all this millennia-old tradition and skill should have disappeared and become extinct within the next few decades was India's misfortune and a triumph of Britain's economic imperialism. Indian shipping did not die due to natural causes. It was deliberately destroyed by slow strangulation. As Mahatma Gandhi put it in 1928: "The tragic history of the national village industry of cotton manufacture in India is also the history of the ruin of Indian shipping. The rise of Lancashire on the ruin of the chief industry of India almost required the destruction of Indian shipping."

Sordid Story

THE CRUEL AND CALCULATED destruction of Indian shipping and shipbuilding—as of many other industries—forms a sordid chapter of the 200-year-old British connection with India. If economic exploitation was facilitated by political power, it, in its turn, helped to tighten Britain's economic grip over India. The impoverishment of a whole country was achieved with effrontery in the nineteenth century and was justified with hypocrisy in the twentieth. Indian shipping was among the earliest victims of British rapacity because Britain herself was a maritime country and its very existence depended on sea-power. The British Government in the latter half of the nineteenth century professed to believe in free trade since it helped to consolidate its commercial supremacy and to thwart the colonies and dependencies, if not foreign nations, from extending protection to their nascent industries.

Britain was an old hand at restrictive legislation, the first Navigation Act being passed as early as 1646. This was tightened in 1650 when another Act was passed preventing foreign ships from trading with the American colonies. Cromwell's famous Navigation Act was put on the statute book the very next year. It provided that no goods or commodities produced or manufactured in Asia, Africa or America should be imported into England, Ireland or the American colonies except in British-built ships, owned by British subjects and of which the captain and not less than 75 per cent of

ter that these navigation acts were
gether. By then steam and iron

Britain was confident that she
premacv owing to the industrial

revolution that had taken place in the meantime. Neither the
industrial revolution nor the use of steam and iron in shipping,

however, was the sole or even the main cause of the decline of Indian shipping, as is mistakenly thought. For our ship-builders were not slow, much less averse, to adapt themselves to the changing technique of shipbuilding. The first steam-propelled boat appeared on the Gomti as early as 1819, it being a pleasure boat of the Nawab of Oudh. A regular steam-boat passenger service operated on the Hooghly in 1823. Between 1839 and 1857, nearly a score of iron and steam vessels were built in the Bombay dockyard, one of which was a war frigate, the "Firoz" of 1,450 tons. It played a notable part in the British naval campaigns in Indian and Burmese waters. The steam-propelled river flotillas of the Indus, the Tigris and the Euphrates were built in the Bombay docks. These facts conclusively rebut a specious argument indulged in by British spokesman until their exit from this country.

Stringent restrictive measures on the lines of the British Navigation Acts were applied to the shipping employed by the East India Company right from the beginning of the nineteenth century notwithstanding the pleas of Governors-General Cornwallis and Wellesley. The East India Company was ostensibly allowed to use India-built ships till 1815, but the ban had begun to operate even earlier. Nor was the Company itself loath to discourage Indian shipbuilding. As early as 1789 the *Calcutta Gazette* published what Sir P. C. Ray called a "blood-curdling ukase." It banned carpenters, blacksmiths and other artificers from building or even repairing boats of certain descriptions, on pain of severe penalty.

The East India Company also imposed gross tariff discrimination. In 1811, Fort William in Bengal promulgated separate rates of import duties on goods carried by British and non-British bottoms. The rate for the former was 7.5 per cent while that for the latter 15 per cent. Madras and Bombay followed suit in 1812 and 1813 respectively and this practice continued right upto 1875. Originally the discriminatory rates operated against the French, the Dutch and other non-British ships also, but the former two secured exemption from them after vigorous protests by their Governments. Non-British Indian ships remained the only victims of these discriminatory duties.

In Britain itself a hue and cry was constantly raised by interested parties against India-built ships. In the words of the historian Taylor "The arrival in the Port of London of Indian produce in India-built ships created a sensation among the monopolists, which could

never have been exceeded if a hostile fleet had appeared in the Thames. The ship-builders of the Port of London took the lead in raising the cry of alarm, they declared that their business was on the point of ruin and that the families of all the shipwrights in England were certain to be reduced to starvation."

Such clamour influenced the British Government to enact in 1814 that "Indian sailors, even though they were the subjects of His Majesty of England, shall not be deemed to be 'British mariners', and any ship, even though British, which had not on board three-fourths of its crew of British mariners per 100 registered tons would be liable to forfeiture and that no ship was to enter the port of London whose master was not a British mariner" This Act is self-explanatory. It carried a step further the war on Indian shipping. Britain wanted to destroy not only Indian shipbuilding but the maritime profession itself. Sir William Digby wrote in *Prosperous British India* (1901) "The ancient occupations of the people on sea and land have been destroyed. The ships which now carry India's coastwise trade are steamers built in Britain, the officers are Britons, the profits derivable from the trade go to Britain. We are literally draining India dry—'bleeding' was Lord Salisbury's term in 1875. It is more accurate than my own."

It is illuminating to note the arguments used by the Parliamentary Select Committee which recommended the measure. "The native sailors of India to the disgrace of our national morals, on their arrival here," it noted, "are led into scenes which soon divest them of the respect and awe they had entertained in India for the British character. The contemptuous reports which they disseminate on their return cannot fail to have very unfavourable influence on the minds of our Asiatic subjects, whose reverence for our character, which has hitherto contributed to maintain our supremacy in the East, will be gradually changed for most degrading conceptions

The effect of a
before the supersession of the East India Company, the Calcutta and Burma Steam Navigation Company was established by a young

Scotsman named William Mackinnon. It was renamed as the British India Steam Navigation Company (BI) in 1862. The Peninsular and Oriental Steam Navigation Company (P&O) was founded even earlier and these two companies (which merged in 1914, their combined capital then being £15 million and tonnage a million and a quarter) soon established a monopoly in India—coastal as well as overseas. They strode like colossi on the Indian scene and completed in the latter half of the nineteenth century the destruction of Indian shipping begun by the East India Company in its first half.

The following table tells its own tale

Ships, Indian and British, in the Indo-British Trade

	<i>Vessels</i>	<i>Tons</i>
		<i>1857</i>
Indian (Entered and cleared)	34,286	1,219,958
British & British Indian	59,441	2,475,472
		<i>1898-99</i>
Indian (Entered and cleared)	2,302	133,033
British & British Indian	6,219	7,685,009

The corresponding figures for the very next year (1899-1900) fell down to 1,676 Indian ships and 109,813 tons.

It should be noted that this destruction of Indian shipping took place despite the opening of the Suez Canal in 1869, which brought India into closer political and economic proximity to Europe. India's trade with Europe spurted from an average of £50 million sterling a year in the sixties to £200 million sterling at the end of the century, while the share of Indian shipping fell precipitately. The BI and the P&O benefited the most by the Canal, due as much to their connections with the British and Indian Governments as to their unscrupulous methods. Their monopoly was firmly entrenched by Lord Inchcape in the first three decades of this century. His was a name to conjure with in British commercial as well as official circles. His rise was meteoric.

Joining as a clerk in the Calcutta office of Messrs Mackinnon Mackenzie in 1870, he became a partner of the controlling firm in Bombay within four years by dint of his talent and industry. In 1889 he became the President of the Bengal Chamber of Commerce and in 1891 a member of the Legislative Council of the

Viceroy. The following year he was appointed chairman of the Indian Currency Association. From 1897 to 1911 he was a member of the India Council, and it was during this period that his name was put up for the Indian Viceroyalty by Lord Morley, then Secretary of State of India. He was created Baron Inchcape of Strathnairn in 1911. He became chairman of B I. in 1913 and that of P.&O. the following year, when he effected the amalgamation of the two companies. During the war Lord Inchcape was appointed a member of the Imperial Defence Committee.* He returned to India as the chairman of the Indian Retrenchment Committee in 1922. It was during this visit that he had the first brush with the leaders of the fledgling Scindia Company.

Lord Inchcape's career is detailed here at some length first, to indicate the great influence which Lord Inchcape had over the Indian and British Governments, second, to illustrate the ties which British businessmen had with officialdom and, third and not least, to show the formidable nature of the opposition Scindias had to meet with at the very beginning of their existence. It was a combat between the giant and the dwarf, between Goliath and David. David's ultimate triumph despite a series of initial reverses forms a romantic chapter of the history of Indian shipping.

By the eighties of the last century the B I had managed, by hook or by crook, to eliminate all its rivals and to obtain complete control over the carrier trade of India. The formation of the first Shipping Conference in 1875—the Calcutta Liners Conference—served to buttress its monopoly. In 1877, the Conference adopted the deferred rebate system which was an ingenious device to ensure the continued patronage of shippers to a particular line. It was a powerful weapon in the armoury of British shipping companies and they used it freely to beat down all newcomers in the field. How successfully they accomplished their designs is demonstrated

voured to develop a colonial service and soon afterwards, frustrated by the heavy competition of British interests”

*Lord Inchcape was offered the crown of Albania in 1921.

Glaring light is thrown on the *modus operandi* of this competition by the fate that overtook the Tata Line started by that great industrialist, Jamsetji Nusserwanji Tata, in 1894, and the Swadeshi Shipping Company, which was started by V O Chidambaram Pillai in 1906. Tata's enterprise was sparked by the heavy freight rates charged by the P. & O. for the carriage of cotton yarn, which his spinning mills produced, to the Far East. His attempts to persuade the P. & O. to reduce them failed and it also came to his knowledge that secret rebates were being offered by the company to some Jewish firms which enabled them to undersell their product. "We carry raw cotton from Bombay to Japan", Sir Thomas Sutherland, then P. & O. chairman, blandly said in 1904, "in order that Japan may cut the throat of Bombay. We carry cotton twist from Bombay to China in order that Bombay may cut the throat of Japan."

Tata first tried to fight the P. & O.'s high rates with the co-operation of two foreign lines. They, however, deserted him within a year and themselves formed a ring with the P. & O. When the rates were arbitrarily hiked up by 50 per cent by the ring, Tata decided to form a line of his own to cater to Indian interests. He opened negotiations with Nippon Yusen Kaisha and an agreement was arrived at to float a new line—called the Tata Line—on the basis of equal risk.

Two steamers were purchased by Tatas and were put in commission along with two N. Y. K. ships. Each vessel was to run once a month carrying coal, glass and other exports from Japan returning thence laden with cotton goods and yarn. The freight charged by the Tata Line was Rs. 12 per ton of 40 cubic feet against the P. & O. rate of Rs. 19. The latter promptly started a rate war and lowered its charges to Rs. 1.50 per ton and even offered to carry cotton free to Japan.¹ The reduced charges were offered in the form of a deferred rebate and could only be obtained if the shipper signed a declaration that he had not, during that period, been interested in any shipment between Japan, China and Bombay made by any vessel belonging to the N. Y. K. or Tata Line.

Apart from this cut, a campaign was started questioning the seaworthiness of the Tata ships, which affected their insurance. The P. & O. was compelled by threat of law suit to apologise for this slander, but it continued the rate war unashamedly. In desperation

Tata submitted a memorandum to the Secretary of State for India to set matters right. "With scores of liners, English and foreign," the memorandum noted, "plying in these waters which our petted and much glorified Anglo-Indian company can afford, and perhaps find it good policy to tolerate, it is only jealous of a small enterprise like ours. While it can lovingly take foreigners and possible future enemies of England to its bosom, it discards the poor Indian for whose special benefit it professes to have come to India and from whose pocket it draws the greater part of its subsidy."

The memorandum continued: "This company to whose prosperity the tax-payer of India may lay some claim to have contributed has driven off all legitimate competition from time to time, either by reducing rates to so low a limit as to exhaust the resources of its rivals or, failing in that respect, taking such powerful rivals into partnership."

It was futile to expect redress from Whitehall and, soon after, Jamsetji Tata was compelled to suspend his line, when the P & O promptly raised its rate to Rs. 16 a ton!

This fearful example spelled a warning to other Indian entrepreneurs against entering the shipping industry. But in the wake of the Swadeshi movement at the turn of this century, Chidambaram Pillai, a disciple of Lokamanya Tilak, entered the fray by launching the Swadeshi Shipping Company of Tuticorin in 1906. Its object was to establish a cheap and reliable steamer service between Tuticorin and Colombo, Bombay, Calcutta and such other ports and places where no Swadeshi line was working, to popularise the art of navigation among Indians, Ceylonese and other Asiatics. The company's shares were to be held "exclusively by the Indians, Ceylonese and other nationals of the East." The flag of Swadeshi vessels bravely bore the words *Vande Mataram*, a slogan which then served as a red rag to the bureaucratic bull

could acquire a couple

no time in launching a fierce race war, and, at times, it even carried passengers free. It managed to ensure through its influence on the port officials that its steamers could invariably sail before

those of the Swadeshi line, thereby depriving the latter both of passengers and freight

The Government forbade its servants to travel by the Swadeshi line and openly extended other favours to the B. I. As if to clinch the issue, Pillai was arrested and sentenced to a long term of imprisonment for taking part in a political meeting. In the words of C. Rajagopalachari, "the company crashed on the rocks of politics, not on the rocks of business."

Only one more example may be cited here to spotlight the fate of indigenous shipping ventures—that of the Bengal Steamship Company established in 1907 by Jyotindranath Tagore, a brother of the Poet. Its steamers carried passengers and cargo between Calcutta, Rangoon, Chittagong and Akyab. It fared fairly well until the B. I. resorted to its customary throat-cutting activities. It reduced its rate to eight annas and later began to carry passengers free, often presenting them with a handkerchief as a memento of their free trip.¹ Within three years the Bengal Steamship Company had to wind up its affairs and suffer the additional humiliation of selling its ships to the B. I.

A Daring Debut

THE ARABIAN SEA and the Bay of Bengal had become a vast graveyard of Swadeshi shipping enterprises when the Scindia Steam Navigation Company Ltd was founded in 1919. During the previous decade no Indian concern had dared to throw the gage to the powerful B I and P & O combine which, since 1914, was ruled by Lord Inchcape. During the war years (1914—18) no shipping company could be started for obvious reasons, though they proved a boom period for Indian industry. Vast fortunes were made and were seeking new avenues of investment. Indian capital and enterprise had established themselves in jute and textile, iron and steel, even mining and plantations. Only shipping had remained a close preserve of British interests and bade fair to do so permanently.

Since the war, the patriotic fervour of the country had developed a strong economic flavour. Impressed by the generous contribution of the people to the war effort and especially by the bravery of Indian soldiers, the Government of India also was inclined to modify a little its imperialist policy. Even before the Montford political reforms were introduced, the Industrial Commission had recommended in its report (1918) that the Government should initiate "a policy of energetic intervention in industrial affairs." Though its implementation was far away, it was no small gain that the Government

or concerted thought, let alone feasibility studies by experts, which are the fashion nowadays. They would surely have disfavoured the formation of any Indian shipping venture. Scindias owe their birth to a stroke of inspiration, a moment of

illumination, almost to an accident of history. No shadow was allowed to fall between the thought and the action, between the idea and its implementation. It was a veriest chance meeting between Walchand Hirachand and one Watson, a British engineer, during the former's railway journey from Delhi to Bombay on February 16, 1919, that disclosed to him that a passenger ship was for sale in Bombay. It was the ss "Loyalty" owned by the Maharaja Madhavrao Scindia of Gwalior. He had purchased it during the war from the Canadian Pacific Line, he transformed it into a hospital ship and put it into service of the Army at his own cost. When the war ended, the Government of India allowed the Maharaja to dispose of the ship as he liked. He was prepared to sell it for Rs. 25 lakhs (half of it as down payment) to the first bidder.

Why not make a bid for it?—it suddenly struck Walchand. After getting down in Bombay he proceeded straight from the Victoria Terminus station to the dock to have a look at the "Loyalty". His knowledge as a valuer of ships was nil. But he had native horse sense and a flair for business. After inspecting the ship, he drove to the office of Narottam Morarjee, the leading textile magnate of Bombay, who alone had the means, vision and daring to support such an ambitious proposition in those days. Narottam and Walchand decided to form a syndicate forthwith to buy the "Loyalty" and to establish a limited company to run it. Sir (then Mr.) Lalubhai Samaldas and Kilachand Devchand joined the Syndicate and the "Loyalty" changed ownership before February was over. Rarely before or after have Indian entrepreneurs shown such speedy execution of a project. Within another month, on March 27, 1919, the Scindia Steam Navigation Company Ltd. was registered with an authorised capital of Rs. 4.5 crores. The Managing Agency of Scindias was in the hand of Narottam Morarjee and Company, a new concern constituted of Narottam and two members of the Morarjee Goculdas family. The three other members of the Syndicate had also a share in the profits of the Managing Agency, though they were not its members. On the ninth day thereafter, on April 5, 1919, the ss. "Loyalty" sailed from Bombay as an Indian passenger ship bound for Europe and the UK. It was a historic day in India's maritime annals, the day on which our national shipping was reborn! Appropriately, since 1964, April 5, is celebrated annually as India's National Maritime Day.

Let us pause here and have a look at the two men who, almost unwittingly, ushered in a great national enterprise. We cannot say of Scindia what Seeley has said of the British Empire, that it was founded in a fit of absent-mindedness. For whatever Narottam and Walchand were, they could never be accused of ever being absent-minded. Alertness and the instinct to seize an opportunity by the forelock was bred in their bones. Narottam Morarjee, the first chairman of Scindias, was the son of the illustrious Morarjee Goculdas, whose family firm owned textile mills in Bombay and Sholapur, and was well-known for its philanthropy. Narottam's greatgrandfather once owned sailing vessels which operated between Porbandar and other Gujarat ports. In a sense, therefore, Narottam was resuming his ancestral avocation. Owing to Morarjee's premature death, young Narottam was entrusted to the care of tutors and guardians of the standing of Sir Narayan Chandavarkar and Gopal Krishna Gokhale, Guru of Mahatma Gandhi. His contact with them broadened his mind and implanted in him a national outlook.

After he left college, Narottam joined his father's firm, Messrs Morarjee Goculdas and Company, Merchants and Mill Agents. Under his management the firm attained high prestige and prosperity. Narottam's standing in the commercial and industrial world was evident from the fact that he became one of the founder directors of the Tata Iron and Steel Company. Soft-spoken and cultured, Narottam was one of nature's own gentlemen. Fortune and fame smiled on him, but he always remained the same unassuming person.

No greater contrast to Narottam could be imagined than Walchand Hirachand. Unlike the former, he was a self-made man. His family originally hailed from Saurashtra, but it had settled for two generations in Sholapur in Maharashtra. Walchand was thus an unusual combination of Gujarati and Maharashtrian traits. His Gujarati instinct for business was blended with Maratha vigour. He won his first fortunes as a military and railway contractor. Though he was a layman, he executed huge projects like the Bhore Ghat tunnelling on the Bombay-Poona railway line and the Bombay Reclamation.

He was a man with vision and drive and the ambition of industrialising his motherland possessed him early in his life. Quick

of wit and sharp of tongue, Walchand brooked no opposition where the national interests were concerned

These two men—each in many ways complemented the other—made a capital team. It was joined by Lalubhai Samaldas, who was a pioneer in the field of co-operation and served for a period as an Executive Councillor to the Governor of Bombay, and Kılachand Devchand who was known as the “Rice King” of Bombay. The Members of the Syndicate along with Ratansi D. Morarjee formed Scindia’s first Board of Directors, which was later joined by F. E. Dinshaw, partner of Messrs. Payne and Co., Solicitors, C. E. Randle of the Bank of Baroda and A. J. Raymond of Messrs. E. D. Sassoon & Co. Narottam, with an unerring knack of finding the right man for the right job, appointed Mansukhlal A. Master as General Manager of the Company. Though trained for the law, Master devoted his knowledge, talent and energies to the services of Scindias and the advancement of Indian shipping.

Narottam and Walchand were primarily businessmen and they never dabbled in politics. But their sympathies were entirely with the Indian National Congress and they were not afraid of openly evincing them whenever the occasion arose. Though it was the fashion—and the safe course—then for any new concern to seek the patronage of British rulers and high officials, Narottam and Walchand made a firm decision to hitch the Scindia wagon to the star of nationalism. They must have been fully aware of the risks they were running, but they despised the slavish mentality then prevalent among businessmen. In the words of Dr. Rajendra Prasad, they were “prepared to suffer the disappointments and temporary setbacks and failures with the vicissitudes of the national movement until the day of liberation.”

This identification with nationalism was not confined to business. It extended to the personal relations of Narottam and Walchand with Congress leaders. Gandhiji had always a soft corner for Narottam. Morarjee, whose family, like his, hailed from Porbandar. Even after Narottam’s death, he occasionally stayed in Bombay as a guest of Shantikumar and Sumati—the son and daughter-in-law of Narottam—and Directors of Scindias—in their Juhu house. His personal effects are still preserved with veneration by them. They courageously gave refuge to underground workers during the Quit India movement. Walchand, on his part, had established



WALCHAND HIRACHAND

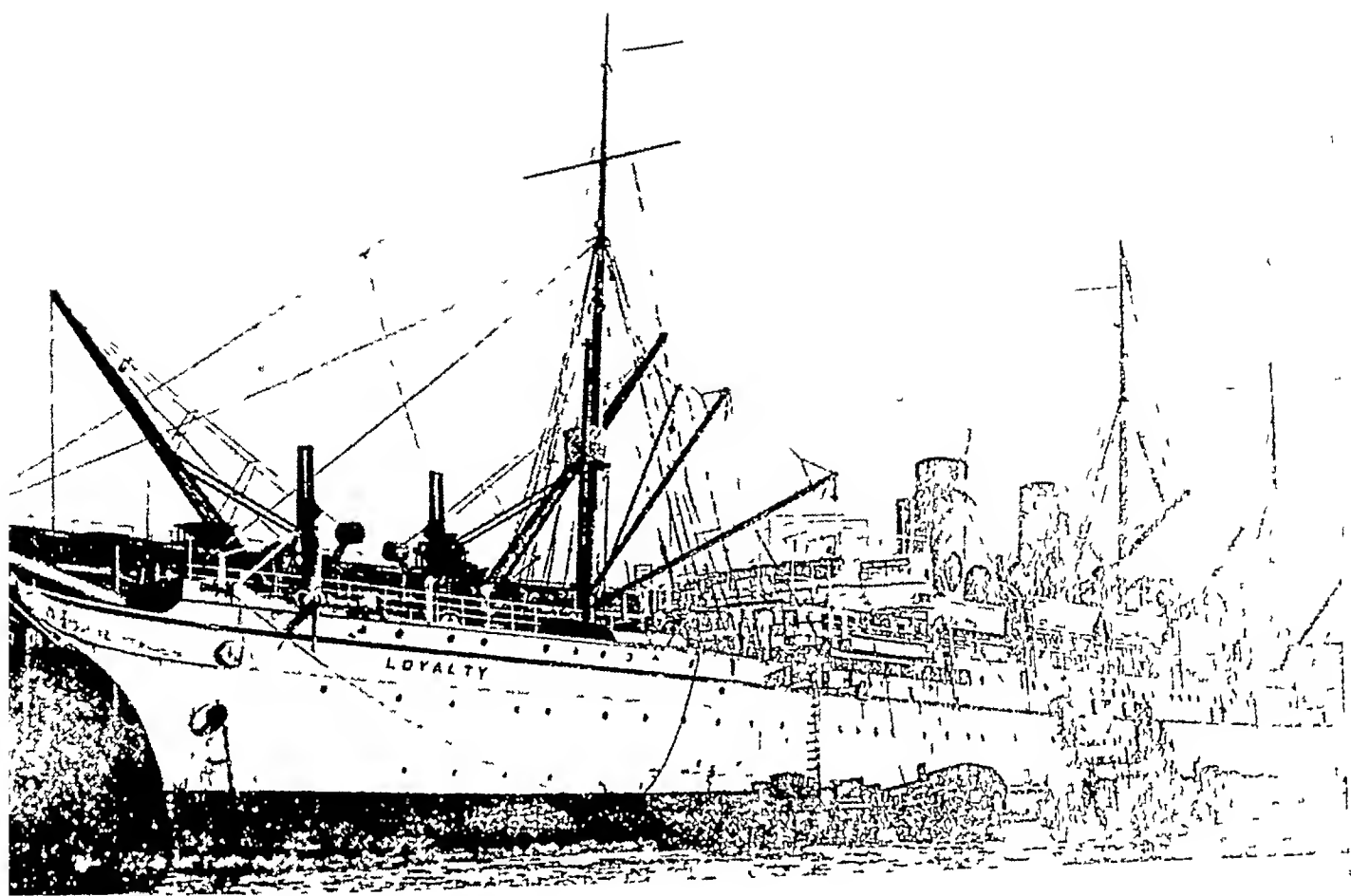
Chairman 1929-1950

He made National Shipping an effective instrument of India's economic policy



KILACHAND DEV CHAND & LALUBHAI SAMALDAS

Members of the Syndicate, which purchased "LOYALTY" from H H the Maharaja Scindia of Gwalior



"LOYALTY"

On April 5, 1919, "the ship of destiny" unfurled the Indian flag in international waters
for the first time in modern history

DISTINGUISHED PASSENGERS ON BOARD THE SHIP

BALANCE SHEET AND PROFIT & LOSS ACCOUNT

WITH

DIRECTORS' REPORT

OF THE

Scindia Steam Navigation Co., Ltd.

TO BE LAID BEFORE THE

FIRST ORDINARY GENERAL MEETING OF THE SHAREHOLDERS

To be held on Saturday 30th October 1920.



BOARD OF DIRECTORS :

NAROTTAM MORARJEE Esq (*Chairman*)
The Hon Mr. LALUBHAI SAMALDAS C. I. E.
KILLACHAND DEVCHAND Esq.
WALCHAND HIRACHAND Esq.
RATANSI D. MORARJEE Esq.
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Managing Agents:

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Secretary:

Mr. MANSUKHLAL A. MASTER B. A., LL. B.

Auditors:

Messrs. K. S. AIYAR & Co.
„ S. B. BILLIMORIA & Co.

Collectors:

Messrs. PAYNE & Co.

BANKERS:

The TATA INDUSTRIAL BANK Ltd.
The BANK OF BARODA Ltd.
The EASTERN BANK Ltd.
The COMPTOIR NATIONAL D'ESCOMPTE DE PARIS.

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SMALL BUILDINGS, HORNBY ROAD, FORT, BOMBAY.

PRINTED AT THE "FORT GUNJA" PRESS, FORT.

FIRST ANNUAL REPORT

The Managing Agents, in view of the initial operations of the Company, decided to forego, as a special case, their full commission"

a rapport with Sardar Patel who was always a good friend of Scindias

This association of Scindias with national leaders may seem a great asset today But it called for sterling patriotism and undaunted courage in the first thirty years of their existence But then were they not out and out a national enterprise?

It was no surprise that with such a galaxy of able men at their helm and backed by Narottam's immense prestige in the business world, Scindia's capital was subscribed in no time at all, though Rs 45 crores was till then the biggest amount raised by public subscription by any limited company—Tata Iron not excluded Actually there was a scramble for purchasing Scindia's shares The authorised capital was divided into 600,000 shares of Rs 75 each (of which only Rs 30 was called), 16,666 shares being issued as fully paid to the vendors

Although the Gwalior Maharaja retained no interest—financial or otherwise—in the company, his name somehow came to be permanently associated with it It is a curious association which has intrigued many, since Gwalior State was entirely land-locked and it had no maritime traditions or connections at all except perhaps a far-fetched one that a descendant of Kanhoji Angria, the famous Maratha naval Commander-in-Chief, had settled down in Gwalior But if land-locked Switzerland or Austria could boast of a navy of its own, why should not the leading Indian shipping company sail the high seas under the appellation of Scindia? It is at any rate a designation which imprints itself on one's mind by its very unlikeliness With half a century of stirring history behind them, Scindias may well ask today with Shakespeare "What is in a name?"

Similar is the case with the name of Scindia's first ship, the s.s. "Loyalty", which was called the "Empress of India" by its first owners, the Canadian Pacific Line It is customary to change the names of ships when they pass under new ownership Why did not Scindias then change her name as they did of all their subsequent acquisitions? Incidentally, whoever later decided to attach the prefix "Jala" (meaning water) to Scindia's ships surely had a touch of inspiration Today these "Jala-Kanyas" (water-maidens) sail the oceans proudly carrying the Indian Republic's flag to distant shores Scindia's own house flag has a red Swastika in a white circle on

a blue background. (The Swastika is an ancient Hindu emblem of luck) "Loyalty" was an ambivalent name for the ship of an avowedly nationalist line Loyalty to whom ?—The British Government ?—The Maharaja Scindia ?—The national cause ?—To the Scindia Company's own interests ? Any inference could be possible according to the individual's inclination or fancy and perhaps it was best left as it was

Before the s s "Loyalty" (g r t 5,934) could sail, she had to be first transformed from a hospital into a passenger ship and certain other essential repairs and alterations had to be carried out This was done expeditiously and the booking list opened The announcement of her proposed sailing brought an immediate response During the previous four war years civilians had great difficulty in securing passage and there was a long queue of British officials and their families and Indian businessmen and holiday-makers anxiously awaiting a berth on a ship sailing for the U K Scindias had therefore soon to close their booking For Indian passengers the "Loyalty" had a special attraction but a number of Europeans too travelled by the ship, among them being the then Chief Justice of the Bombay High Court and his wife Among the passengers were several princes—the Maharajah of Kashmir, the Maharajah of Kapurthala, the Thakore Sahebs of Limdi and Bhavnagar Among the other distinguished passengers were Sir Chunilal V Mehta, Mr M C Chagla, Mr Bhulabhai Desai, Sir Manilal Nanavati and Mr Mohan Amersey Narottam Morarjee and Walchand Hirachand, of course, were on board, the former being accompanied by his son Shantikumar, a present director and then a boy of 17, going to Harrow for his studies On the return journey the "Loyalty" had Dr Jivraj Mehta as her medical officer

Apart from those who had come to see off their friends and relatives, there were hundreds of people who had thronged the wharf simply to wish *bon voyage* to the first Indian passenger ship sailing to Europe An emotional upsurge overtook passengers and onlookers alike as the s s "Loyalty" sounded the last siren, pulled up her anchor and left the shore of India The minor inevitable shortcomings of the "Loyalty's" maiden voyage did not mar the enthusiasm of the passengers, who took occasion during the voyage to present a silver clock with a suitable inscription to the chairman It is a treasured memento of the Morarjee family Marseilles, the

ship's first port of call, was reached on the eighteenth day and most passengers disembarked there. Certain urgent repairs had to be carried out at Marseilles which necessitated her detention there till May 7. She eventually reached Tilbury Docks in London on May 14, thus completing an historic voyage.

So far it was more or less fair sailing for the "Loyalty" as well as the Scindias. But both were soon confronted with problems and difficulties which it took all the ingenuity and resourcefulness of Narottam and Walchand to overcome. The ship itself had to undergo a thorough overhaul to secure Lloyd's "100 A1" certificate as a passenger steamer. This posed the first hurdle since no reputable ship-yard was prepared to undertake the job at a reasonable price and within a stipulated period. British shipping interests were none-too-happy at this encroachment on their preserve. They exerted subtle pressures to dissuade ship-repairers from undertaking the job. Scindias had begun to experience the sullen lack of cooperation of Britishers from the very outset of the voyage. Even the British crew of the "Loyalty" had failed to display the requisite discipline and loyalty to their masters. Somehow, through the good offices of Kennedy, a former colleague of Lord Inchcape in his humble days, a firm was persuaded to undertake the repairs, but the estimate it gave was prohibitive. Scindia's technical advisers in Bombay had thought that the repairs in London would take six weeks and the cost would be about £10,000. The actuals were four times as much, thereby saddling Scindias with a huge liability and freezing their earnings, apart from dissipating a large part of the one-year exemption from the control of passenger fares and freight which the British Government had granted in respect of the "Loyalty".

Then there was the question of finding clearing agents to attend to the booking of passengers and freight. Once again Kennedy was prepared to assist Scindias, but a warning from Lord Inchcape to his principals, Messrs Gellatley Hankey & Co., made him helpless. Narottam and Walchand had to become their own clearing agents in an alien land. These two men were not to be easily daunted. They rented another room at their hotel and opened a booking office. Passengers trickled in, but cargo was a different matter altogether and without sufficient cargo the "Loyalty" could not take to the sea. She needed a minimum ballast of 1,500 tons. Even those firms which had made tentative offers of cargo withdrew them under

threats of established British shippers, who were determined to nip in the bud the incipient Indian challenge. The intrepid duo of Scindia directors rose to the occasion. They purchased 500 tons of pig iron and 1,000 tons of cement, loaded the ship with their own cargo and gave it the green signal. At last, the s.s. "Loyalty" sailed from London on her return voyage on November 1, 1919, with 352 passengers and a ballast-cum-cargo of 1,500 tons.

Scindias had made a daring debut in international shipping although at a heavy cost. They had bearded the lion in its own den. They had won the praise of their patrons and the plaudits of fellow-countrymen. They had served notice on all concerned that they had arrived. But as one swallow does not make a summer, one voyage does not establish a service.

The "Loyalty" managed to do a couple of more round voyages to Marseilles and Genoa but in view of the steeply rising cost of bunker coal and the depression in the shipping trade, Scindias were constrained to lay up "Loyalty" as it was more economic to do so. As a matter of fact, long before then, the Board of Directors had decided to sell the ship.

In the depression then prevailing it was not possible to find a purchaser for the "Loyalty" and she was laid up in Mazagaon basin under a caretaker. Her fast deteriorating condition made it inevitable that she would have to be sold for scrap. This was done on February 23, 1923, realising a measly amount of Rs. 1,35,250. The "Loyalty" met with a sad end, but her name is enshrined in India's mercantile annals.

Bluff And Bluster

NAROTTAM AND WALCHAND must have really viewed their first ship as a symbol and a promise rather than as a hard-headed business proposition. They were realistic enough to understand that on the strength of a single steamer they could not run an India-U K passenger service in competition with the P & O which then and for long afterwards conducted a weekly mail service to India with clockwork regularity. From the outset, Scindias had planned to devote themselves primarily to the carriage of cargo and the main objective of the visit of the chairman and his senior colleague to the U K was the purchase of cargo steamers. Soon after their arrival in London, they opened negotiations with the Palace Shipping Company of Liverpool which was in the market for the disposal of its fleet of six Frank ships with an aggregate tonnage of 46,000 DWT.

Initial negotiations were promising and they had progressed to the stage of payment by Scindias of £100,000 as earnest money, being one-tenth the amount of the stipulated price of the Frank fleet. It appeared to be a good bargain since two ships of the Frank fleet were already on charter assuring a regular income to the company.

It came to light, however, that under various wartime regulations the purchase of a British ship by nationals of other countries was not allowed without the prior permission of the Shipping Controller. It was, of course, the vendors' responsibility to secure the permission, but they had already accepted the earnest money, may be in ignorance of the law. Narottam and Walchand found themselves in a quandary wondering whether their advance payment would have to be written off as a dead loss. Their protestations that they were not foreign nationals at all but British subjects were of no avail. Same was the case with their representation to the Secretary of State for India Mr Edwin Montagu and his two colleagues, Sir

Prabhashankar Pattani and Sir Bhupendranath Basu. They pleaded their inability to be of any help. A ray of hope, however, came in the knowledge that, if not directly, the ships could be had indirectly by purchasing the Palace Shipping Company itself, though even for such a transaction the permission of the Shipping Controller was essential¹

Narottam and Walchand decided to solve the problem by trying to influence public opinion in their favour. After all, they were citizens of a country which had poured its blood and gold freely in the defence of the British Empire. How could they be treated as foreigners? They managed to win the sympathy of the editor of 'Fairplay', the leading shipping journal in Britain. The deal was eventually clinched on their undertaking that the Palace Shipping Company's fleet remained on the U.K. register subject to the prevailing conditions and controls. The Scindias had also to burden themselves with British tax liabilities and give an assurance that they would not go in for the purchase of any more British ships. Walchand had to prolong his stay in Britain to see through all these hurdles and negotiations.

Over a year had elapsed when all the legal formalities of transfer of the assets of the Palace Shipping Company (which had been taken into liquidation) to Scindias were completed. By then, as luck would have it, the boom period of shipping was over and a severe recession had set in international navigation.

Even before Scindias had taken physical possession of the Frank fleet, they were faced with the problem of its future employment. In view of the mounting losses over "Loyalty", should the ships be given on charter—thus securing an assured and regular return on them? Two of the ships were already on charter and were bringing in a steady income. As against this short-term and narrow outlook, was the long-term main aim of the company. Was not the company formed with a view to establishing a national mercantile marine? The Board therefore decided to deploy the ships on coastal trade.

This preference for the coastal as distinguished from the overseas trade was sensible considering that Indian merchants formed the main trading community in Burma (which was then part of India) and Ceylon. Besides, overseas trade required a far larger number of ships than the Scindias then owned or could afford. The Scindia ship, the ss "Jalapalaka" (former "Frankby"), berthed for the

first time in Rangoon and lifted 6,400 tons of cargo within a record period of three days. This was possible because of the enthusiastic co-operation of Indian rice shippers in Burma, like Sir Abdul Karim Jamal Ahmed and Mooljee Dharsee.

Naturally, the success of the Scindias roused the ire of B I which then enjoyed the monopoly of the trade in Burmese waters. It resorted to its usual tactics such as threatening shippers with dire consequences if they continued to support Scindias. Apart from its ultimate weapon of a rate war, it had an ace up its sleeves in the deferred rebate system. It could also refuse space on its steamers to the cargo of those merchants who dared to extend their custom even once to a rival company. To devise counter-measures against all these tactics Narottam Morarjee and Lalubhai Samaldas paid a visit to Burma. They were cordially welcomed by Indian shippers and given assurances of continued patronage to Scindias. After all, as their leader observed in a welcome speech, with the birth of the Scindia Company was born the self-respect of the merchants who were no longer at the mercy of foreigners. The Indian merchant in Burma began to stand erect with the newly acquired sense of self-respect. He began to be respected by the foreign shipping companies, too, because of the advent of Scindias.

Far from extending support or even sympathy to the Scindias, the Government of India adopted an attitude of aloofness and ill-concealed hostility. Despite numerous requests, Scindias were refused even an opportunity to tender for the annual carriage of two lakh tons from Calcutta to Rangoon. The contract was given to a British company and that, too, for the unusually long period of ten years. Similar was the case with the carriage of timber which was negotiated direct in London by the Burma administration without calling for tenders at all! When this matter was taken up with Delhi, the Government of India pleaded their inability to interfere in matters under the control of a Provincial Government. Scindias were once asked to quote their rates only for the carriage of a few goats and cows from Karachi to Rangoon! That was the maximum Government help given to the Indian company in its early difficult years.

How difficult they were could be seen from the fact that the company was compelled to reduce its capital at the end of 1924. That this step was not prompted by a defeatist attitude was made

clear when the Board decided to purchase and chart additional steamers

The year from July 1, 1921 to June 30, 1922, was crucial in the fortunes of the infant company. It waged an all-out war on the vested British shipping interests. It bought two new steamers the s.s. "Jaladuta" and the s.s. "Jalatarang" and chartered another four steamers. Its ships called on the Malabar and Kathiawar ports as also at Karachi and Colombo apart from Rangoon. It extended its cargo service to the east coast ports and began to carry deck passengers in the Bay of Bengal. For the major part of this difficult year, Scindias received the loyal co-operation of Sir Abdul Karim Jamal. His company alone served Scindias with a cargo of more than one lakh tons of rice. Mooljee Dharsee, however, could not long resist the pressure of British India and was compelled to sign a long-term agreement with it. Meanwhile, the B I had formed a Shipping Conference with other firms to re-establish its monopoly.

Renewed threats of the forfeiture of their rebates in case they did any business with non-conference lines—which meant Scindias—were issued to Indian shippers in Burma. The Board's offer to reimburse them to the extent of half the amount they lost by forfeiture of rebate helped a little to retain their support though it could hardly stabilise the situation. Despite all these obstructions, Scindias were able to lift a total cargo of 180,000 tons in 1921-22, the bulk of it in 25 sailings from Rangoon.

When the B I found that it could not vanquish its rival by other means, it launched its ultimate missile—a rate war. It reduced its freight rate from Rangoon to Bombay and, later, from Rangoon to Colombo from Rs 18 to Rs 15 per ton and subsequently brought it down to Rs 5. When the question of rate war was raised by Lalubhai Samaldas with Sir Arthur Froom, senior partner of Mackinnon Mackenzie representing the British interests, he dismissed it with the remark that there was nothing unusual in this. "Why should we waste our time in considering this?" he told Lalubhai. "Let such trifling matters be dealt with by our officers."

Scindias had consequently to suffer crippling losses, but they were still full of fight. If no shippers were willing to do business with them, they would fill their ships with their own cargo. If no bunkerers would service their ships, they would form their own bunkerers. Two new companies, Narottam Ltd and Eastern Bunkerers Ltd

were soon established. The former began to purchase rice in Burma in a big way and it also advanced the necessary amounts to agents to buy rice. Once again the Scindia vessels began to carry full loads of rice from Rangoon to Bombay as well as to other ports en route, which were not until then served by foreign shipping lines. Rice was thus sold directly to traders on the West Coast ports, which were traditionally supplied from Bombay. The system of combining trading with shipping served Scindias very well indeed and rice worth crores of rupees was bought, carried and sold by them.

No doubt this called for large investment and huge commitments and inevitably piled up losses. They were worth it, nevertheless, and the British shipping interests began gradually to realise that Scindias were an altogether different proposition from their predecessors like Tatas and the Swadeshi Company which could be given a quick K.O. Moreover, the rate war was a two-edged weapon. It hurt the aggressor as much as the victim. The B. I. also had to suffer huge losses and, gradually but perceptibly, its earlier cocksureness dissolved and it began to throw feelers for a compromise. One came from Sir Arthur Froom, the same man who had cavalierly dismissed the rate war only a few months earlier.

"How is your company getting on?" he asked Lalubhai Samaldas at a casual meeting in Simla in September 1922. The latter replied "You do not wish us to exist. The policy of the B. I. is to kill all Indian shipping companies." "No, no," Sir Arthur hastened to add "It is not so, Mr. Samaldas. Scindias's is the only bonafide attempt in shipping. We do not wish to kill this company. *I wish to talk with you on this subject. When shall we meet?*"

Lalubhai Samaldas and his colleagues were shrewd enough to know that they should not betray too great an anxiety to arrive at an agreement. They must make their opponent realise that Scindias could not be easily brought to their knees and that they were a foe worthy of their steel. They, therefore, not only heroically stood up to the rate war, but extended it to other fronts. They advanced a huge amount to an enterprising merchant, Jagjiwan Ujamsi Mulji, to buy a shipload of sugar in Java and carried it by a specially chartered ship to Porbandar, a port never touched by B. I. ships. The cargo brought the Rana Sahib of Porbandar a windfall of Rs. 6 lakhs by way of custom revenue. It was one-third of the total annual revenue of his State! So gleeful the Rana Sahib became over this

windfall that he began to pace the dock in excitement while the sweet cargo was unloaded

Scindias resumed their India/U K —Continent cargo service in February 1922. Sufficient cargo was available from Bombay, but difficulties were encountered in getting it for the return voyage owing to the Conference covering that trade. They were surmounted by loading the vessels with coal purchased for the Eastern Bunkers Ltd —which really meant on Scindias's own account. The spirited enterprise of Scindias could not fail to impress British shipping circles who were urged by their own Indian patrons to come to an honourable understanding with Scindias instead of persisting in the mutually harmful competition

By now influential voices were being raised in legislative chambers in support of Indian shipping. In the very first session of the reformed Central Legislative Assembly Sir P. S. Sivaswamy Aiyar moved a resolution (January 12, 1922) to constitute a Committee to investigate the possibilities of promoting the formation of an Indian mercantile marine and the encouragement of Indian ship-building. Sir Sivaswamy Aiyar was a front-rank liberal statesman and his standing was high as much among officials as among the people. His resolution was warmly supported by leaders of diverse political persuasions like Sir Vithaldas Thackersey, K. C. Neogy, Lt. Colonel Gidney, Kabiruddin Ahmad and R. A. Spence. It was adopted by the Assembly without a division, but in a somewhat changed form. The proposed Committee was asked to consider what measures could be usefully taken

- (i) for the liberal recruitment of Indians as Deck or Executive Officers and Engineers in the Royal Indian Marine,
- (ii) for the establishment of a nautical college in Indian waters for the purpose of training the executive officers and engineers of ships,
- (iii) for ensuring the entertainment of Indian apprentices for training as officers in the ships owned by shipping firms that enjoyed any subsidy,
- (iv) for the encouragement of ship-building and of an Indian mercantile marine by a system of bounties, subsidies and such other measures as have been adopted in Japan,
- (v) and for the construction of the necessary dockyards and engineering workshops in one or more ports

It was an exhaustive and all-embracing inquiry that the proposed Committee was asked to make. The surprise was not that the Government deferred the appointment of the committee until a year after or that its report was put in cold storage but that such a recommendatory resolution was even allowed to be passed in those benighted days.

The very next month (March 1922) Lalubhai Samaldas moved a resolution in the Council of State recommending the Governor-General-in-Council to issue instructions to give Indian shipping companies an opportunity for quoting for carriage of Government and Railway materials from any ports in India and to give them preference if their quotation was approximate to that of other companies. This resolution was limited in scope but pointed in action and it too was adopted.

Another resolution was moved by Lalubhai Samaldas the same month recommending the appointment of a committee to consider the best means of helping the ship-building industry in this country and to make recommendations regarding the same.

Lord Inchcape (who happened to be in India during 1922-23 as the chairman of the Indian Retrenchment Committee) and his fellow-directors of the P & O -BI combine were too rooted in their imperialist outlook to take all these reports and resolutions seriously. Nevertheless, they must have sensed the direction in which the winds were blowing in India. Their efforts to crush the challenge of Scindias had failed and they had in fact to concede that Scindias "were diverting the channels of trade." The Britisher cherishes his self-respect, but he values his self-interest even more and soon after his arrival in India in October 1922 Lord Inchcape instructed his lieutenants to open negotiations with Scindias. Their way was already prepared by the exploratory talk of Sir Arthur Froom with Lalubhai Samaldas. A meeting was soon arranged between Lord Inchcape and Lalubhai Samaldas, though his Lordship had haughtily refused to receive Narottam and Walchand while they were in London in 1919. He had then directed them to his assistant, Sir William Currie, who stigmatised Scindias's entry into Indian shipping as piracy!

His chief's attitude to them was hardly expected to be different and Lord Inchcape loftily told Lalubhai Samaldas

"If your Directors are prepared to sell your company by accepting the second preference shares of the B I of the nominal amount equivalent to the present market value of the shares, I shall recommend to my colleagues on the Board to buy your company. This is the utmost I can do !"

It needs hardly be added that this insolent proposal was summarily turned down by Scindias's Board of Directors. It resolved on February 22, 1923, that "nothing which should make the company lose its existence shall be acceptable." However, the Board was agreeable to carry on negotiations with Lord Inchcape for the specific purpose of entering into Conference only. When Narottam and Walchand called on Lord Inchcape, they firmly told him that under no circumstances would they sell the Scindia Company to him and Indian nationals had the right to run their own ships on the coastal waters of their motherland. This was too much for the autocrat to stomach. "Motherland ! Whose motherland !" he snorted. "We are all children of the British Empire and we have as much right to come to the shores of this country as you. As long as the British Empire will last, there is no power on earth that can prevent us from coming here !"

Needless to say, such bluster failed to intimidate Narottam and Walchand. When he realised this, Inchcape resorted to blandishments. He offered to give in exchange for every share of Scindias Rs 12.50 in cash and Rs 12.50 in 6.50 per cent cumulative preference shares of the B I free of income-tax. The Managing Agents were promised a large sum of money. The Directors were told that they would get Rs 1,000 a month at least for ten years. As a final sop, he offered to maintain the identity of Scindias by adding it to the list of concerns managed by Messrs Mackinnon Mackenzie and Company !

The offer was indeed tempting at any rate to the Managing Agents and the Directors. They could have recommended its acceptance to the shareholders as "a fair business deal" and called it a day. But what was at stake were not personal gains but higher considerations, such as the very future of Indian shipping and the honour of the nation itself. If they had swallowed the bait and allowed themselves to be caught by Lord Inchcape, they would have dealt an irretrievable blow to Indian shipping and sullied the honour of the nation. Narottam and Walchand were no doubt hard-headed businessmen,



VITHALBHAI PATEL LAUNCHING "JALABALA"

The first ship specially built for the Company was launched in true Indian tradition at Glasgow on July 14, 1927

but they were also nationalist to their core. They resolved to turn down the offer, but as trustees of the shareholders they were bound to take the latter into confidence and receive their imprimatur for their decision.

An informal meeting of the principal 80 shareholders representing the majority of shares (350,000 out of 600,000 shares) was held and the situation frankly explained to them in all its bearings. Narottam told the shareholders in a memorable speech "It is not for me to say whether you should look at the question from the viewpoint of immediate personal gain or whether you should give your serious thought to the far-reaching effect which your step in selling your company will have on the industrial life of the nation. It is for you to rise equal to the occasion and decide the step that you should take." With one exception, all those present (they included top-ranking businessmen of Bombay who had large holdings in the Company) asked the Directors to turn down Inchcape's offer and to continue the operations of the company whatever losses it had to suffer. Rarely in the history of joint stock enterprise in India has a corporate body or individual shareholders shown such disregard for personal interests in the pursuit of a national cause. It was indeed a historic occasion in India's shipping annals.

Bond of Slavery

Fortified by the support of their constituents the Scindia Directors resumed their negotiations more as a matter of formality than in any hope of arriving at an honourable compromise. Lord Inchcape was already upset by the course of events. His ire was further aroused by a forthright editorial in the *Bombay Chronicle* (now defunct, but then the leading nationalist daily of Bombay) urging the Scindia Directors to reject the dishonourable offer. A Britisher has always the saving grace of knowing when he is beaten. And Inchcape knew that he was beaten, although only a few days earlier, during the course of a talk with Sir Purshottamdas Thakurdas, he had threatened to beat down the Scindia Directors if they proved stubborn.¹ He gave up his bluff and bluster and began to talk as one businessman to another. Narottam and Walchand wanted nothing more. They were always ready to reach an honourable compromise provided Scindias's existence was assured. A ten-year agreement known as the "Delhi Agreement" was signed on March 14, 1923, and a truce was called between the warring parties.

Scindias's gains were that the rate war was ended and that they were admitted to the Indian Coastal Conference which was so long an exclusively British body. But they had to pay a stiff price for these concessions. In the first place, they had to agree not to engage themselves in passenger trade or overseas operations. Until March 31, 1933, they had to confine themselves to coastal trade. They were not to expand their fleet until 1924 after which year they could add only two ships a year for three years and, thereafter, only one ship in 1927. Each ship's tonnage was not to exceed 4,160 the total tonnage being pegged at 70,000 GRT. The charter of additional ships was specifically excluded. Scindias were not to charge lower freight rates than those of the B I, but freedom was given to shippers to extend their patronage as they liked. Mackinnon Mackenzie were

to look after Scindia interests at all coastal ports except Bombay, Rangoon, Mormugoa, Kathiawar and the Konkan. But for all these restrictions imposed on Scindias, there were no corresponding obligations on the B.I. at all! The chronicler of B.I.'s Centenary has called this agreement "distinctly liberal towards the Scindia interest" but the blunt Walchand more appropriately described it as "a slavery bond." Henceforth, the Directors of Scindias had to operate with their hands and feet manacled by the Agreement. But they must have consoled themselves with the Hindi adage *Bache rahe to ladenge!* (live to fight.)

In the course of his speech at the 4th Ordinary General Meeting the chairman defended the Delhi Agreement as "a necessary evil, which had unfortunately to be put up with to help Indian shipping on its onward march in spite of the thorns and thistles with which its path was strewn." "We had to fight for our natural right as Indians on the coast," Narottam said, "not only to preserve the existence of our Company but also to advance patriotic interests and aspirations. I hope you will appreciate the fact that the mere standpoint of rupees, annas and pies is not the only standpoint from which all of us have to look at this question." This sober and patriotic view was endorsed by the shareholders.

Scindias, however, were burdened with a heavy loss of Rs 539,288 during the year ended June 30, 1923 as a result of the rate war which was forced upon them. This and the earlier deficits could be adjusted only by a reduction of the Company's capital. This contingency was actually visualised by the Board two years earlier. After all, a hazardous business like shipping must always be prepared for such unexpected blows. Barely a couple of years earlier, a British shipping company had to write off 80 per cent of its capital on account of accumulated losses. Reduction of capital may be a confession of temporary failure. But it is also a sign of courage. It indicates a realistic recognition of the difficulties arising at any particular moment and the determination to surmount them. It is a surgical operation essential to put back a company on its feet. The *modus operandi* of the reduction, however, was a ticklish job which had to be resolved by the directors and their financial advisers. Scindias had two classes of shareholders—the main block of 582,000 shares of Rs 75 each on which only Rs 30 were called up and a smaller number of 16,660 fully paid shares which were held

by the vendors—the Syndicate that was formed in 1919 to purchase “Loyalty” from the Maharaja of Gwalior. An equitable reconciliation of these two interests was not easy and two different schemes were prepared for consideration. Neither scheme having received the approval of the Extraordinary General Meeting of shareholders convened in June 1924, the Managing Agents were asked to prepare another scheme, which was put before the shareholders as a special resolution and unanimously passed in October 1924.

The salient feature of the new scheme was that while reducing the capital, it simultaneously envisaged the issue of new shares which itself was a timely asseveration of confidence in the future of the company. The scheme provided

“That the capital of the company be reduced from Rs 45,000,000 (divided into 600,000 shares of Rs 75 each of which 598,905 shares have been issued) to Rs 15,000,000 (divided into 1,000,000 shares of Rs 15 each made up of the present 600,000 shares and 400,000 further shares of Rs 15 each hereby authorised to be issued), and that such reduction be effected—

firstly, by reducing the nominal amount of each of the present 600,000 shares from Rs 75 to Rs 15 per share,

secondly, by returning Rs 23-8-0 per share to the holder of each of the 16,666 shares of Rs 75 which have been issued as fully paid up to the intent that the holder of each fully paid share of Rs 75 should have in lieu thereof one fully paid share of Rs 15 each and Rs 23-8-0 in cash;

thirdly, by extinguishing the present liability of Rs 45 per share in respect of uncalled capital on each of the 582,239 shares on which Rs 30 per share have been called up,

fourthly, for cancelling capital which has been lost or unrepresented by available assets to the extent of Rs 15 on each of the 582,239 shares and to the extent of Rs 36-8-0 on each of the 16,666 shares fully paid up of the company which have been issued and are now outstanding

Provided, however, that the said 400,000 shares when issued as aforesaid shall first be offered to the members of the company on the date of issue of the said shares in proportion to their individual holding.”

The reduction of capital was sanctioned by the Bombay High Court on July 9, 1925.

Before considering how the Delhi Agreement was honoured—or not—by the parties, let us return to the resolution of Sir Sivaswamy Aiyar and the action taken by the Government of India on it. In those days of unresponsive government and unrepresentative legislatures, the mere passing of a non-official resolution—even if it asked nothing more than the appointment of a committee to consider any particular issue—was itself supposed to be a triumph of public opinion. And from the very beginning Scindias devoted themselves to the education of public opinion in respect of Indian shipping. In post-freedom days it is common for industrial and business houses to cultivate what are called “public relations” to safeguard and promote their own interests. But “Public Relations” is essentially a post-war concept with a narrow and purely commercial connotation.

What Scindias devoted themselves to from the beginning were not their own “public relations” but the wider public opinion which had to be informed and enlightened. Few people interested themselves then in the problems of national shipping and fewer still were aware of its glorious past and its prevailing parlous conditions. Our maritime traditions had withered and virtually disappeared. Among our national heroes there was no naval figure like Drake or Nelson or even Vasco da Gama or Columbus. It was only in coastal regions like Kathiawar, Konkan or the Kerala and Coromandel coasts that maritime traditions and associations lingered.

Scindias were faced with an uphill task right from the beginning. Apart from waging a running war with powerful vested British shipping interests, they had to make their own countrymen aware of the paramount need of having a strong maritime marine as a national industry. Despite the vaunted might of the British Navy, the marauding German cruiser “Emden” had exposed the vulnerability of our coasts in the first world war. But the value of a mercantile marine as a second line of naval defence was not even dimly realised. Unlike in other countries, the alien government was then least concerned with national shipping. As a matter of fact, it was opposed to it since it would pose a threat to British shipping interests.

Hence the responsibility of defending and fostering national shipping devolved upon Scindias from the very outset. They had to educate public opinion, to conduct propaganda and even to wage agitation for the protection of their legitimate interests. What national political leaders were doing for the furtherance of Indian industry as a whole,

Scindias had to do in the sphere of Indian shipping. They had to fight the selfish opposition of British shipping interests, to assert the rights of national shipping, to rouse the Government from their inertia and to compel them to take the necessary steps for its protection and promotion. They had to win the active sympathies of members of legislatures, to keep them informed and interested. They had to carry on publicity in press and on platform, and to bring out monographs and pamphlets such as the "Indian Shipping Series" on topical questions of the mercantile marine

Narottam and his fellow directors as also the top officials of the company were assiduous in cultivating personal contacts with national leaders from Gandhiji downwards, leading public men and members of the legislative bodies in Delhi and the provincial capitals. They supplied them with informative and statistical material and guidance notes to raise the relevant shipping issues in the legislatures, to ask questions and move bills on appropriate occasions. They helped persons with the requisite knowledge of and interest in Indian shipping to get elected to the legislatures and even sponsored the election of one of their managers, the late S. N. Haji (with whose name the Coastal Reservation Bill is associated) to the Central Legislative Assembly.

A notable part in informing and enlightening the public on matters connected with Indian shipping was performed by the chairman of Scindias in his speeches at the Annual General Meetings. Like the statements of Sir Purshottamdas Thakurdas to the shareholders of the Oriental Govt Security Life Assurance Company, those of Narottam to Scindias's shareholders were remarkable for their content and clarity as also for the fearless criticism of official apathy and the bold exposure of the game played by foreign shipping interests. These speeches were extensively carried by the nationalist press and favourably commented upon. To this day, the annual speeches of the chairman of Scindias serve as a barometer of shipping economy. In short, Scindias had to conduct themselves as a national institution entitled to speak the mind of the nation in all matters pertaining to Indian shipping. They did so with unflagging zeal and industry until the country became free.

The credit of having a nucleus of national shipping and ship-building industry at the dawn of independence must indubitably go to Scindias. Even afterwards they remain the accepted spokesmen of

Indian shipping and are active in promoting its interests. Scindias are the only company in India to have a well-stocked library on shipping with the latest books and journals on the subject which are available to all those interested in the subject

In the early 'twenties, Scindias were faced with the primary and crucial problem of the survival of Indian shipping and the main forum for ensuring it was the legislature and its committees and statutory commissions. The first opportunity in this field arose in 1921 when a Fiscal Commission was appointed, as provided in the Government of India Act, 1919, with Sir Ibrahim Rahimtoola as president. Narottam Morarjee was appointed a member of the Fiscal Commission as a representative of the textile industry, the shipping interests being represented by a spokesman of British shipping. Narottam, however, did all he could to safeguard and foster the interests of Indian shipping. Scindias on their part ably availed themselves of this first opportunity to espouse the cause of the Indian mercantile marine. In an exhaustive memorandum submitted to the Fiscal Commission, they compared the state of Indian shipping with that in other countries, contrasted the apathy, if not hostility, of the Indian Government with that of the support given by other governments to their own merchant navies by legislation such as the American Merchant Act of 1920 apart from a number of concessions and subsidies

After drawing a realistic picture of the parlous plight of Indian shipping in its own waters despite its glorious heritage, the Scindia memorandum protested against the favours extended to British shipping which had enabled it to establish a virtual monopoly of the carrying trade of India. It urged a ban on unfair practices such as the deferred rebate system, which was held illegal in the United States. The memorandum enumerated the various ways in which Indian shipping could be enabled to grow, such as the reservation of coastal trade and the grant of subsidies for overseas trade. It also pleaded for the establishment of a ship-building yard and for facilities for training Indians in the various branches of the mercantile marine. Every issue that was of even the least concern to Indian shipping was presented convincingly. The reader will not fail to notice that most of these problems had to await the dawn of freedom for their satisfactory solution. Till then Scindias had to keep harping on them at every opportunity and on every forum

This well-argued memorandum was further buttressed by the oral evidence of Walchand Hirachand. He ably stood up to the searching examination by the members of the Commission, especially the British members who tried their utmost to nettle him with the charge of racial discrimination. A sample of the latter's loaded questions and Walchand's forthright replies is revealing :

Sir Edgar Holberton

Q Now we are getting to the point. Because these people (British shippers) have their vested interests, you want to get rid of them

A They deserve to be

Q On purely racial grounds ?

A For the development of the country itself

Q You are not going to help the country at all

A Why not ?

Q It is no use telling me that.

A I only believe what I am telling you

Q You want to do away with all the vested interests which for 60 years filled up the gap when nobody was in the field

A Nobody was allowed to. The children of the soil were never allowed to do that

Sir Montagu Webb

Q As a representative of several shipping lines with 30 years experience behind me, may I say that I know that these lines have been competing with each other with the greatest goodwill, that they have been frequently run at a loss and that I have never known in the whole of my experience any racial discrimination being made

A They were all of the same race

Walchand was asked by the President of the Fiscal Commission, Sir Ibrahim Rahimtoola, to further elucidate the scheme which Scindias had presented for the development of Indian shipping in their memorandum. In his statement Walchand stressed, in the first place, the demand for the reservation of coastal shipping and, in the second, the need to strengthen the position of Indian shipping in the international trade. This would call for an outlay of Rs 300 lakhs in five years, which could be made up by levying a tonnage tax of eight annas per every ton of cargo shipped or discharged at any port of India.

"Without levying any further direct taxation on the people," Walchand's statement emphasised, "we can get an income of nearly Rs. 300 lakhs from the shipping visiting Indian ports during the next five years and thus bring about the reservation of the coasting trade to Indian shipping alone and make a fair start for consolidating the position of Indian shipping in the international trade"

The Fiscal Commission did not go deeply into the problems of the Indian shipping or ship-building industries treating them as parts of the overall industrial development of the country. It devoted barely a couple of paragraphs in its report to shipping. With regard to coastal shipping rates it observed

"Somewhat parallel to the complaints about railway rates are the complaints which we have received about coastal shipping rates. The causes are different but the results are stated to be the same, namely, that Indian goods are handicapped in transmission in comparison with goods from foreign countries. Rates have been quoted to us showing a great disparity between the charges on goods conveyed between Indian and foreign countries. Such disparities more than neutralise the natural protection which an industry might expect to receive in its own country by reason of distance of foreign manufacturing centres. The cause of the high rates in the Indian coastal trade can, according to their critics, be summed up in the one word 'monopoly'.

"It is suggested that the existing monopoly be met by the development of an Indian mercantile marine. As, in connection with the resolution moved by Sir Sivaswamy Aiyar in the Legislative Assembly on the 12th of January, 1922, the Government of India have accepted the necessity of a thorough enquiry into the measures needed for the encouragement of an Indian mercantile marine, it is unnecessary for us to do more than express our belief that a successful issue to this policy should have a favourable effect on coastal freight rates and assist industrial development."

On shipping rebates, the Report noted

"The system of shipping rebates is one of the strongest buttresses of monopoly. It is clear that an arrangement whereby a certain percentage of the freight paid is returnable to the shipper at the end of twelve months provided no cargo is shipped by any outside line is a powerful weapon for maintaining a shipping monopoly. Other countries have recently legislated against this system and

we think that the Government of India should make a thorough enquiry into the desirability of initiating similar legislation in India "

As a member of the Commission, Narottam took a leading part in putting searching questions to the witnesses who appeared before it to elicit their views. It was only to be expected in the climate of those days that Narottam and other Indian members of the Commission would present a dissenting minority report. Significantly, even the president, Sir Ibrahim Rahimtoola, felt constrained to sign the minority report, which urged a firm pronouncement that the fiscal policy best suited for India was Protection and pleaded that the economic problem of India should be examined in a spirit of broadminded statesmanship. "If in the process of India's attaining her full stature, there is any risk to the immediate interests of the British manufacturers, that risk must be faced." A pointed reference was made to the monopoly which British shipping enjoyed in India. "The Indian people have to pay comparatively higher rates of freight because competition has been eliminated." The Minute of Dissent exposed the hollowness of the majority's recommendation for Imperial Preference, which was defended on the ground of maintaining the British Navy for the defence of the Empire. The Minute pertinently noted that "the defence of the empire depends on various other standpoints and the maintenance of the Indian Army which has served the interests of the Empire in the various parts of the world will (also) have a pronounced bearing on the issue."

Apart from his regular work on the Fiscal Commission, Narottam took every possible opportunity to propagate the cause of the Indian mercantile marine in the various places visited by the Commission. If his official role was that of a representative of the textile industry, unofficially he was also a spokesman of national shipping.

It took the Government nearly one year to act upon Sir P. S. Sivaswamy's resolution passed early in 1922 and to appoint a committee called the Indian Mercantile Marine Committee. Formed on February 3, 1923, the Committee was headed by Captain E. J. Headlam, Director of the Royal Indian Marine, with five members, two of whom—Lalubhai Samaldas of Scindias and Jadunath Roy of the Bengal National Chamber of Commerce—represented Indian shipping and commercial interests, Sir Arthur Froom of Messrs Mackinnon Mackenzie doing the same service for British

shipping. Consisting of three Englishmen and three Indians and with exhaustive terms of reference the Committee was well received by the public and high hopes were entertained about its recommendations. The Committee's questionnaire received wide response from all affected interests and it orally examined 72 of the 128 persons, who had submitted written statements to it at five centres in India. The statement of Mackinnon Mackenzie representing the B.I. and P&O naturally made a strong defence of the *status quo*. But even more brazen was the statement made by the Bengal Chamber of Commerce representing the European commercial interests. It submitted *inter alia* "The Indian coastal trade is now, and has always been, adequately served by British shipping. And consequently the policy of reservation would have a good effect on the trade, *provided that the reservation was confined to British ships or to ships of those nations who do not differentiate on their own coasts against British subjects. But to reserve the Indian coastal trade for an Indian mercantile marine, which at the moment, is not in existence, would be fatal*" (Emphasis added)

The Scindia statement effectively presented the case for Indian shipping. After replying to the Committee's questions seriatim, the statement made a concrete proposal that the entire coastal trade of India and Burma could be reserved to Indian shipping on a graduated scale within five years by giving bounties to 20 steamers every year. Thus by the fifth year 80 per cent of the coasting trade will be in the hands of Indian shipping when the bounties may be stopped. "India has not been able to make much progress in building up an Indian mercantile marine", it noted, "not because capital necessary for the purpose was not forthcoming but because Indian shipping companies have not been allowed to exist and because there has not been the slightest encouragement on the part of the Government". The company's statement was further amplified in the oral evidence of three Scindia spokesmen Walchand in Bombay, D. S. Erulkar, local manager of Scindias in Calcutta and S. N. Haji in a similar capacity in Rangoon. All of them ably stood up to their oral examination and showed how coastal reservation would ensure the healthy development of national shipping, attract new capital to the industry, end the monetary drain from India and open new avenues of employment for young Indians

Freedom for Whom

THE REPORT of the Indian Mercantile Marine Committee, which was submitted to the Government of India in March 1924, marked a departure from the reports presented by such bodies in those days. It was fair in tone and outlook and satisfied in some measure the expectations of the shipping industry and the aspirations of the people. It was, moreover, not divided on racial lines—the two independent Europeans on the Committee, including the President, signing the report along with their three Indian colleagues. Only the representative of the vested British shipping interests presented a dissenting minute and this was only to be expected.

In the main, the Committee recommended the reservation of coasting trade by a system of licences issued on the following conditions.

- (1) To no foreign ship except in so far as protected by treaty rights
- (2) To any ship flying the British flag provided that
 - (a) it has been regularly engaged on the coasting trade during the preceding 12 months and is not more than 25 years old,
 - (b) the owner undertakes to take Indian apprentices and Indian executive engineer officers on prescribed scale,
 - (c) the licence shall continue only until the ship has reached the age of 25 years
- (3) Any ship hereafter seeking to enter the coasting trade shall comply with the following conditions
 - (a) The ownership and controlling interests shall be predominantly Indian, viz.,
 - (i) registered in India
 - (ii) owned and managed by an Individual Indian, or by a Company registered in India with rupee capital.

with a majority of Indians on its directorate and a majority of its shares held by Indians,

(iii) same undertaking regarding Indian apprentices and officers in condition (2b) above

(4) The licensing authority to have power to take such steps with the approval of the Government of India, as may be considered advisable to deal with deferred rebates, rate wars, or any other conditions which act unduly as a restraint on trade

The Committee also recommended :

(I) The purchase by Government of one of the existing British lines operating on the coast and eventual transfer by sale to approved Indian owners.

(II) The establishment of a training school for deck and Engine-room staff and the conversion of the Royal Indian Marine Troopship "Dufferin" for that purpose

The Committee did not favour bounties or mail subsidies. But it added that if the licensing system is not adopted, mail contracts in which the whole subsidy is paid by India should include a stipulation to take Indian apprentices on the scale recommended for the licensing system

Or, Indian owned and Indian managed ships should be assisted by

(1) bounties

(2) mail contracts

(3) carriage of Government stores whether in the coasting or in overseas trade.

Though the Committee's recommendations were, on the whole, satisfactory and were generally welcomed, they did not fully meet the demands of national shipping interests. Its omissions of subjects such as international trade and liquidation of British shipping monopoly were also significant. In his speech at the annual shareholders meeting in 1924 Narottam subjected the Indian Mercantile Marine Committee's report to a searching analysis. The report had created a sensation in the dovecotes of vested shipping interests and their supporters in the Anglo-Indian papers. Some of them had gone even to the length of questioning the ability and experience of its authors, including the president, Captain Headlam, and Sir John Biles, both of whom, apart from being British, were technical authorities

"Halting and unsatisfactory as is the vital recommendation of the Committee of reserving the coasting trade of India to Indian shipping", Narottam observed in his speech, "in as much as it requires a long period of 25 years for its completion, it cannot be denied that if it is carried out by the Government in the true national spirit, there will be found in India, at no distant date, a healthy nucleus of a future National Merchant Marine. It is remarkable that in the opinion of the Committee, the condition of predominant Indian ownership for British ships as in the case of Indian ships does not violate the principle of Section 736(b) of English Merchant Shipping Act which deals with discrimination. And it is refreshing to note that if that Section really stands in the way of carrying out their recommendation for reserving the coasting trade of India to Indian shipping, they urge in unequivocal language that every effort should be made to secure the amendment of that Section. This is no doubt a gentle hint to our bureaucracy not to allow technical formalities and legal quibbles to defeat the endeavours for a high national purpose."

The chairman proceeded "I, however, cannot hide from myself my grave apprehensions at the mischievous suggestion of vesting the licensing officer with the power to deal with such complicated questions as the Deferred Rebate System and the Rate Wars. The very few lines in the report devoted to the question by the Committee show that they have not given their serious thought to these subjects which their nature and their far-reaching effect really deserve. Such large issues of national importance must be left to the legislature to be dealt with. The fact that it shall be obligatory on the ships, licensed to ply in the coasting trade, to employ qualified Indian officers and engineers at least up to 50 per cent of its total strength of officers shows that the Committee was endowed with a sympathetic imagination and realised the discontent of the unemployed and its consequences. Their recommendation to give construction bounties to the ship-building industry deserve a fair trial."

Narottam utilised the opportunity to expose the propaganda of vested British shipping interests and their lackeys in the Anglo-Indian press against Indian shipping. "Why does India need a separate national merchant marine? Is India a separate country? Is not India a part of the British Empire? Are we not brothers? Our

Navy, they say, will protect your ports and harbours. To such questions a very simple answer can be given exactly in the same kind of interrogatories India has awakened to a sense of her own national consciousness and fully realised the necessity of future independent progress. Under these circumstances, why does India need a separate merchant marine? India wants her own separate merchant marine to increase her national wealth by preventing the annual drainage of crores of rupees taken away by foreign shipping companies India wants a separate merchant marine for the proper growth of her own trade and commerce and the real protection and development of her own industries”

Narottam then dealt with another specious contention raised by interested critics—the complete freedom on the seas. Freedom for whom?—he asked Never was there a greater mockery of the use of the expression “freedom on the seas” than when it was seriously mentioned by the local head of an important vested interest in the dissenting minute of the report This freedom on the seas means freedom for foreigners, not for Indians. They claim the Indian ocean as their own preserve and yet they talk of the freedom on the seas Such talk only reminds one of the cat going on a pilgrimage after killing a hundred rats “Reservation of the coasting trade of India to Indian shipping”, they predict, “would surely result in an inefficient service accompanied as a corollary with high freights” They (the interested critics) ask why should you have “the luxury of having those services Indian owned and managed?” Is the love of the Imperial brother quite honest in this solicitude for our welfare? It is, however, surprising that they should talk about the freights going up as soon as they go out of the Indian ocean Did the vested interests always keep freights at a reasonable level? Is it not a fact that at the end of April 1922, those who monopolised the trade between India and Africa were compelled to reduce the freights by 100 to 120 per cent and yet that left them sufficient margin of profits?

“And, as to the question of efficiency,” Narottam went on, “the less said the better Whenever a new industry is started in this country or whenever any activity of national importance is launched, the cry of inefficiency is always raised . Efficiency does not vary with the colour of the skin That doctrine is now completely exploded Is efficiency merely the monopoly of the British? Have

not the Japanese attained to a high level of efficiency in the world of shipping ? Have not the Italians made their mark in the shipping world ? Why cannot then Indians attain to efficiency in this department of national activity ? After all, efficiency requires for its clear expression an unfettered opportunity and congenial environment. If the small island of Japan could succeed in building up a powerful merchant marine with the help of State aid, why should India with a long coast-line fail in a similar endeavour if only Government were honest in their profession to help national shipping ?” Narottam was in his best form that day as he made mincemeat of the arguments of British shipping interests.

That the Government was in no mood to give due consideration to the Report of the Indian Mercantile Marine Committee, let alone to implement its recommendations, had become obvious from the delay in publishing it. The report was submitted to them in the beginning of March 1924, but it took them more than four months to publish it in the middle of July. It was not until after such deliberate procrastination provoked protests from public men and associations as also in the legislatures that the Government of India were compelled to publish it. Meanwhile, Mr K. C. Neogy, who had tabled a draft Bill for the reservation of the coasting trade of India to Indian shipping, had to withdraw it because the Government had not taken the opinion of Crown lawyers as to whether the Bill contravened or not Section 736(b) of the English Merchant Shipping Act, although a specific reference was made to this issue in the Mercantile Marine Committee's report. Much water had to flow under the bridges on the Ganges and the Thames before the Government of India implemented the report in a hesitant and halting manner. Indeed, independence had to dawn on the country before the coastal trade was finally and fully reserved for the sons of the soil.

Let us return to the 1923 Agreement which the Scindia directors had to accept as “a necessary evil” only in order to ensure the survival of the company. Although Scindias tried their best to observe it despite its unilateral restrictions and limitations, it soon became clear that the B I had not the least intention to honour it. Instead of cultivating goodwill, it was secretly seeking every pretext and opportunity to halt the progress of Scindias, if not to put it out of business altogether. B I started resorting

to freight cuts without consulting the other party to the agreement at all. This was sought to be justified on the ground of the prevailing recession in the shipping trade. Apart from such overt actions, the B.I. took various covert steps to undermine the position of Scindias. Threats and blandishments were freely used to induce shippers not to support the Indian company. Those who patronised B.I. were offered free towage of cargo at loading ports, its free storage at discharging ports, waiving of landing charges collectable from cargo interests and so on. On the other hand, those who gave their custom to Scindias were denied cargo space for their shipments on routes not served by that Line.

Scindias were faced with still another difficulty. Although their ships were classed as 100-A I. at Lloyds, they were treated as second or third class ships by the insurance companies then controlled by the British. This naturally increased the amount of insurance premium which the shippers had to pay on the cargo carried on Scindia ships. They, therefore, hesitated to book freely their cargo with Scindias. This difficulty was solved by Scindias in a characteristic manner. They told the shippers that they themselves would insure their cargo.

Scindias could do little to counteract these unfair practices bound hand and foot as they were by the agreement. Their tonnage was severely restricted. They could neither enter the passenger or overseas trade nor operate their cargo ships on more profitable routes. About this time, the Indian railways which also were controlled by British interests, drastically reduced the rates of traffic on certain commodities from port to port so as to divert sea traffic to the rail route. The railways were, of course, in a position to compensate themselves by charging higher rates on other commodities. Mere enterprise of the Directors or goodwill of shippers or loyalty of its staff could do little to improve the situation or recoup the company's depleted finances. With the help of chartered ships it managed somehow to keep its head above water. It opened a regular service from Akyab and lifted from there about 50,000 tons of rice and paddy. It secured a fairly good share of business in Malabar ports also by opening a direct cargo service to Karachi. With such resourcefulness Scindias carried during 1923-24 nearly five lakh tons of cargo, thanks to the continued patronage of shippers in India and Burma.

The latter's goodwill for Scindias was eloquently expressed during a visit of its chairman to Rangoon in March 1924. Alluding to this, Narottam told the shareholders in the annual meeting that year. "I was touched by the spontaneous cordiality with which Indian shippers welcomed me there. They gave me an address and a garden party. The address was doubtless a fitting expression of the rising spirit in the country to fight against foreign economic domination and exploitation of national wealth.

"For the first time in the history of Indian shipping, a powerful and influential mercantile community firmly recognised in its own interest as well as in the larger interest of the nation the need of a national mercantile marine, recounted clearly the difficulties placed in its way by alien monopolists, admitted freely its mistake in not supporting an Indian company fighting for its very existence against the strangling rate war carried on by vested interests; realised fully how the national wealth was drained away year after year by outside exploiters and promised unhesitatingly to give its support to this company, which they look upon as a humble beginning of the future national merchant marine.

"This new spirit of looking at the question in the larger interests of our national life augurs well for the future. As I sat listening to the address, I felt that if all this goodwill, all this enthusiasm and all this determination to serve the interests of the nation were translated fully and freely into action, there will be a great future for the rising national industry.

"This growing goodwill and support", the chairman continued, "is the best asset of the company and places great responsibility on us to provide adequate tonnage for our shippers to meet their normal requirements. I am therefore pleased to add that the question of the careful and regular expansion of the fleet to meet the requirements of trade in the best interests of the company is being seriously studied by your directors."

Scindias, however, could not move in this matter without consulting the B I. They therefore decided to seek a modification of the 1923 Agreement in a spirit of goodwill. Narottam wrote to Lord Inchcape in May 1925 explaining the difficulties Scindias were faced with in working the agreement and its detrimental effect on the company. Walchand proceeded to London the following month to take up the matter personally with him as also to seek legal

advice at the highest level on the coastal traffic reservation bill. The Inchcape-Walchand meeting began fairly cordially but the former's temper flared up as the conversation veered towards the subject of coastal traffic reservation. Inchcape charged the Scindias of only trying to drive British shipping out of Indian waters. About the modification of the Agreement, His Lordship was non-committal and merely asked Walchand to discuss it with the men on the spot. "Why have you taken the trouble and the strain of a journey across the seas of 6000 miles?" Inchcape airily asked Walchand, "when you could have seen Sir William Currie in Calcutta at a distance which could have been covered within 48 hours?"

Vainly did Walchand try to explain to Lord Inchcape the non-cooperative and haughty attitude of his lieutenants in India which rendered impossible any attempt at negotiation. All that Walchand could gain from the meeting was a vague concession for Scindias to charter some steamers. Walchand utilised his stay in London to sound British legal and official opinion regarding the validity of the coastal shipping reservation bill. Their response was hardly reassuring. The Under Secretary of State for India also adopted a non-committal attitude. Walchand realised that he would have to build a strong public opinion in its favour in India before moving further in the matter.

In view of such obduracy, Scindias had to seek a way out of the quandary as they best could. They realised that Inchcape would not be amenable to any compromise unless compelled by external pressure. The period from 1925 to 1928 was a lean and difficult one for the company. It had to wage a war of nerves with its British rivals while trying to keep itself on an even keel. During 1925-26 the company sold two ships of its Frank fleet, which had to be replaced. In August 1926, therefore, it decided to authorise Lalubhai Samaldas, who was then in England, to place an order for three steamers with Messrs Lithgows, the payment to be made in cash. The company's request for financial help under the U.K. Trade Facilities Act was turned down on some spurious ground although not only British but foreign shipbuilders also were given loans (guaranteed by the British Treasury) of a total of 25 million pounds. This was the manner in which the vaunted Empire maritime policy functioned! During the succeeding year, however, the working results of the company were seriously affected by the heavy

reductions (from 25 to 30 per cent) it was compelled to make in its freight rate. The rate from Rangoon to Bombay, which was Rs. 11 a ton, had to be brought down to Rs. 10.50 and corresponding reductions were made on other route.

The s.s. "Jalabida", the first of the three ships ordered in 1926, was launched at Glasgow by Vithalbhai Patel, then Speaker of the Central Legislative Assembly, on July 15, 1927. He observed in his speech, "Whilst the governments of almost all modern countries have helped and are helping their nationals to build up their own mercantile marine, are not Indians entitled to expect their Government to help them in this great industry? India has recently been given a navy of her own. May I, however, ask if this is not placing the cart before the horse? Is there any country in the world which has built up its navy without building up its own mercantile marine which always serve as an important line of defence?"

Mahatma Gandhi utilised this occasion to bless Scindias. "What is the addition of one little ship to our microscopic fleet?" he asked in *Young India* (August 1, 1927). "But even as a patient derives comfort, if anything gives him a little hope and a little energy, and the whole family joins him in rejoicing over the acquisition of slight unexpected strength, so did Vithalbhai Patel derive joy and hope from the launching of this new enterprise of the Scindia Steam Navigation Company. Let us hope that 'Jalabida' will be a precursor of many other steamers and that in the near future it would be possible to revive the old ship-building trade of India and for some patriot to perform the ceremony of launching an Indian-built ship in Indian waters free of the fear of its being used for warring against ourselves or any other nation and free also from the greed of exploitation of any other country."

As students of the history of Indian shipping are aware, it took 21 years for this hope of Gandhiji to be fulfilled. The second ship built by Messrs Lithgows for Scindias the s.s. "Jalaveera", was launched by Sir R. P. Paranjpye, then member of the India Council, in October, while the third and the last, the s.s. "Jaladuta" was launched by Motilal Nehru the following month. After paying a warm tribute to Scindias for their enterprise, Motilal Nehru said: "The two things that are essential for the organisation and development of the Mercantile Marine of India are the ability of the country

to man the ships—the officers and men from their own nation—and their freedom to do as they like in their own country India is handicapped in both these matters I am not referring to the actual building of the ships, which is also necessary, because I am looking to the immediate present and the immediate future, and I feel that we shall have attained a great measure of success if we can at the earliest possible opportunity stop the tremendous freight bill which our country has to pay year by year I understand it amounts to something like forty to fifty millions That is our first concern—we have to retain all that money in our own country to build ships ”

From Apathy to Hostility

As a NATIONAL shipping company Scindias's policy from the very beginning was to help other Indian shipping companies and to work in co-operation with them wherever possible. It was also their constant endeavour to foster the growth of smaller ports which the foreign steamers never visited. The coast of Kathiawar, for instance, is dotted with small ports. Their development was deliberately neglected in British times. Cargo was, as a rule, transhipped there in smaller vessels after being first landed in Bombay or Karachi. This was beneficial to foreign shippers though it entailed additional expenditure for Indian shippers. It was noted earlier how a Scindia ship carried sugar from Java to Porbandar direct and presented a windfall to the Maharana. In 1925 Scindias did a similar service to the Maharaja of Baroda. Keen on the progress of his State in all spheres, Maharaja Sayajirao constructed a pier at Port Okha at a cost of Rs 40 lakhs. It was 400 feet long and 30 feet deep and it could berth two ships simultaneously. Foreign shipping companies were reluctant to patronise this new port and some of them even spread unfavourable reports about its alleged shortcomings. Scindias, however, promptly responded to the invitation of the State authorities and their s.s. "Jalajyoti" berthed at the new port on the very day Maharaja Sayajirao performed its opening ceremony (February 14, 1926). How well Port Okha served the hinterland is evident from the following figures. Imports there multiplied almost five times in as many years while exports rose spectacularly from 2,000 tons in 1926-27 to 711,168 tons in 1931-32.

Ever conscious of their responsibility to cater to the needs and requirements of small ports and shippers, Scindias were conscious of their duty to uphold our national prestige and honour abroad. A case in point was India's representation in international conferences. India nominally enjoyed separate representation at

international conferences since the Treaty of Versailles, but the power of nomination continued to rest in the hands of the British Government. It was not unusual for the "Indian" representative not to be an Indian at all ! The honour frequently went to retired British civilians or representatives of British interests in India. Whenever he was an Indian, he invariably belonged to the Princely order or the titled gentry or to that class of sycophants who were in the pockets of the Government. The natural consequence of this was that the Indian point of view as also Indian interests went by the board in international gatherings. An exception to this was the International Labour Conference where Indian workers were usually represented by their own nationals lest it provoked protest from other countries. The representative of employers, however, generally was a non-Indian since British industry was then strongly entrenched in India. The Indian Chambers of Commerce and trade associations frequently protested against this practice and urged not only that their spokesmen should be nationals but that they should also be chosen by the Indian industrial and commercial bodies.

Matters came to a head in 1926 when the Eighth and Ninth sessions of the I.L.O. were to be held in Geneva. Two important issues were on the agenda of these sessions. simplification of the inspection of emigrants on board ship and international codification of rules relating to seamen's articles of agreement and general principles for the inspection of the conditions of the work of seamen. The Government of India were entitled to send a delegation of four persons, two being their own nominees and one representing the employees and employers respectively. In view of the importance of the agenda, the Government ostensibly professed that the nominees of their respective organisations would be given due consideration in the selection. Narottam's name was recommended as the employers' delegate by the Indian Merchants' Chamber, Lajpat Rai being selected as workers' representative by their organisation. The Government duly appointed Lajpat Rai as a delegate of workers for both sessions but offered to nominate Narottam only for the eighth session and unofficially suggested that he should go to the ninth session only as an Advisor to the Delegate who, believe it or not, was Sir Arthur Froom, whose anti-Indian views were highlighted in his Minute of Dissent to the Indian Mercantile Marine Committee's report !

Narottam promptly turned down both these offers which were derogatory not only to himself personally but to the organisations which had recommended his name. After all, the ninth session of the I L O was of vital interest to India. By asking him to go merely as an advisor to the official delegate, he was intended to serve as a tool of non-Indian interests. No self-respecting Indian could accept such a humiliating role.

When the issue was raised in the Legislative Assembly, the Government's spokesman gave the amazing defence that Sir Arthur Froom was preferred to Narottam Morarjee because he alone could be called a representative of the shipping employers in terms of Article 389 of the Treaty of Versailles. The Government were merely offering a disingenuous excuse as there was then no organisation of Indian shipping interests as such !

The Government could not, however, get away so easily. At the eighth session itself protests were officially raised by several Indian commercial bodies challenging the nomination of Sir Arthur Froom as an *Indian* employers' delegate to the ninth session ! These organisations were represented at Geneva by S N Haji, who raised the question before the Credentials Committee of each session. This was the first such occasion in the history of the International Labour Organisation and it earned a bad name for the Government of India. Although the protest did not succeed in its immediate objective of unseating Sir Arthur Froom, since then only Indian nationals were sent to Geneva to represent the employees as well as employers ! Full credit goes to Narottam for courageously tackling the question in a true nationalist spirit.

The Government had pigeon-holed the report of the Indian Mercantile Marine Committee for nearly two years and it had become all too clear that they had no desire to implement its recommendations. This was the usual fate of many such reports then, but Sir P S Sivaswamy, whose original resolution in 1922 was responsible for the appointment of the Committee, would not allow more dust to gather on its report. He therefore moved another resolution in the Legislative Assembly on March 19, 1926, to needle the Government to take action on it. His resolution ran:

This Assembly recommends to the Governor-General-in-Council that he will be pleased

- (a) to recognise the need for the training of Indians for nautical careers and encouraging the creation of an Indian Mercantile Marine,
- (b) to take early steps for the training of Indians in a suitable training ship in Indian waters, for the provision of facilities for their further training as apprentices in mercantile marine ships, and for their employment after completion of training,
- (c) to arrange for the establishment of primary nautical school in selected maritime stations and the introduction of marine engineering as a subject of instruction in the Engineering College at Sidpur;
- (d) to announce his intention to adopt in the near future a system of licensing in respect of the coastal trade of India

Faced with such a clear-cut resolution, which was largely supported by non-official members of the Assembly, the official cat had to come out of the bag ! But the manner in which the Commerce Member, Sir Charles Innes, explained the Government's attitude to the resolution made many wonder whether he was speaking on behalf of the Government of India or of British shipping interests. While professing lip sympathy for Indian aspirations for a mercantile marine, he followed the line adopted by Sir Arthur Froom in his Minute of Dissent and drew several red herrings across the path of an Indian mercantile marine. Does not coastal reservation savour of expropriation of property and flag discrimination ? Would it not prove uneconomic and force up freight rates ? Might it not rouse inter-provincial jealousies ? "As the principal Indian shipping company has its headquarters in Bombay, the monies of Burma, Bengal and other provinces would be drained to Bombay," —Innes blandly suggested.

The Commerce Member said the Government were sympathetic to the proposal for training deck officers. But they were in two minds whether a training-ship should be established in Indian waters for that purpose or whether it would not be advisable to send young men for training to England. But would the right boys from the right classes come for training in this hard line ? —he wondered. In any case he was ready to support this clause of the resolution and moved "that the debate on all subjects covered by the resolution except the proposed training ship be adjourned till the next session and that as regards the training ship, the Assembly

recommends to the Governor-General-in-Council that the scheme for establishment in Indian waters of a training ship for deck officers should be accepted in principle."

This was an adroit move which again put into cold storage most of the inconvenient issues raised by Sir P. S. Sivaswamy Aiyar. The resolution was passed as amended by the Commerce Member and the training ship "Dufferin" was eventually established in December 1927. Sir Charles Innes's speech in which he had out-Froomed Froom deserves further notice. It provoked widespread indignation and was assailed not only by Indian shipping interests but by all nationalist elements in press and on platform. As might be expected, Narottam took the first opportunity to rebut Innes's mischievous arguments in his annual speech to the shareholders in 1926. In fact, he devoted the major part of his speech to expose the fallacies and the anti-Indian spirit actuating the Commerce Member's speech. He picked up his "red herrings" one by one and proved how illusory they were. A few excerpts from Narottam's speech are worthwhile, although it deserves perusal in full.

On Expropriation. "Even if the objection is admitted, for the sake of argument, are the British companies really squeezed out and is their property really depreciated? Sir Charles Innes naturally forgets that the reservation, as recommended by the Committee, is not to take place immediately but during the course of 25 years. Can this be construed by any stretch of imagination as squeezing out? Ample time is to be given to the present monopolist interests under the recommendations made by the Marine Committee to make their own adjustments to comply with the conditions to be introduced in connection with the licensing of the trade on the coast. Have they got any sacred, inviolable and eternal rights to continue to run on the coast even against the economic and national needs of the country? At a time when all countries, including important parts of the British Empire, are protecting their own industries, for the purpose of promoting their own economic welfare, one fails to see where the principle of expropriation comes in."

On Flag Discrimination. "It is strange that the British ship-owners who are loud in their protest against flag discrimination were prepared to discriminate against the foreign ships plying in the coastal trade of India. It is now a universally recognised preserve in which foreign ships cannot enter as a matter of grace. The

most representative conference viz., the International Shipping Conference has recognised in unmistakable language that the principle of flag discrimination has no application to the coasting trade of a country."

No Necessity. "Another argument advanced by Sir Charles Innes against the policy of reservation was that while other maritime countries had to reserve their coasting trade in order to strengthen their machinery for national defence, India had no such need to do so, since India's shores are protected for her by the British navy ! What a consolation !" When India asks for self-government, she is told : First learn to defend your country and then ask for self-government When India, however, wants to build up her shipping, she is requested not to worry about it as the British Navy is always there to defend her shores !"

On Rates of Freight "What surprises me most however, is the attempt which Sir Charles Innes has made to frighten the members of the Assembly about the way in which the rates of freight would rise in case the policy of reservation became an accomplished fact. He observed 'because the coasting trade was reserved, it costs, I have seen it stated, 36 s a ton to ship 700 miles round the coast of Chile and it costs 30 s a ton to ship it 7,900 miles from Chile to the U.K. I regret that such an experienced man as Sir Charles Innes should have shown such ignorance of the very first principles of shipping that rates of freight are not solely based on the ground of the distance the ship has to sail Various factors such as the volume of trade, return cargo, expenses of the port etc , enter into the economics of rates making"

On Provincial Jealousies But what Narottam regretted most in the speech of Sir Charles Innes was his mischievous attempt to foster inter-provincial jealousies "He stated that two-thirds of the coasting trade originated in Burma and Bengal and added that as the only important shipping company existing at present was in Bombay, it was Bombay alone which would gain at the cost of Burma and Bengal. The international trade of Bombay, Bengal and Burma is mainly carried on by English companies, but Sir Charles Innes will not say that England will gain at the cost of India It is only when the question of Indian companies is concerned that such provincial jealousies are appealed to—a policy which is not only mischievous but was the last thing expected of the Commerce Member"

On Coastal Trade Sir Charles Innes's observation that the trade of India was a seasonal trade and consequently nearly half the tonnage would be empty during the slack season was refuted by Narottam in the most convincing manner by citing relevant statistics. After quoting figures of sailings from Rangoon, Calcutta and Karachi which showed negligible seasonal variations, Narottam proceeded: "A careful study of facts connected with the coasting trade will convince an impartial observer that the several arguments advanced by Sir Charles Innes in regard to the effect of the policy of reservation have only the justification of his earnest desire to help the present foreign monopolistic interests on the coast to continue their exploitation of India."

Narottam concluded his *tour de force* with a devastating indictment. "The speech of Sir Charles Innes is a clear indication of the changed mentality of the Government of India towards the cause of Indian shipping. Continuous apathy seems to have changed into direct hostility. Under these circumstances it is difficult to sustain faith in the honest intentions of the Government for helping the creation of an Indian mercantile marine. The work, therefore, that lies before us is really stupendous. I have, however, no doubt that my countrymen, both inside and outside the Legislative Assembly, will continue to put up a strong and continuous fight for the creation of this national industry and the development of a merchant fleet worthy of a nation determined to have its own Raj."

This hope of Narottam was soon fulfilled. The old Legislative Assembly was soon dissolved and in the elections held in November 1926, a large nationalist element was elected to the Assembly which was soon to echo to the powerful speeches in favour of the Coastal Reservation Bill moved by S. N. Hajj, whose candidature was sponsored by Scindias and supported by all those who had the interests of Indian shipping at heart.

The only recommendation of the Mercantile Marine Committee, which Sir Charles Innes had agreed to accept and implement, was regarding the establishment of a training ship for Indian boys but that too was done in a half-hearted manner. The "Dufferin" was acquired but it was not until the end of 1927 that it was commissioned and established in Bombay harbour with Captain Digby Beste as its first Captain Superintendent. The fact that as many as 77 boys appeared for the very first qualifying examination, although,

the admission was restricted to 30 candidates a year, belied the frequent allegation that Indian youth had no aptitude or liking for a seafaring career

The allegation, of course, had never any justification in view of India's glorious maritime traditions dating back to the very dawn of civilization. Even in British times Indian seamen were employed in large number on foreign ships. They had distinguished themselves by their bravery in the war (1914-18) and had won tributes even from Lord Inchcape. More than 3,400 Indian seamen had lost their lives and 1,200 were captured and imprisoned as a result of enemy action in the first world war. Those who talked of the Indian's inaptitude for sea life were only indulging in propagandistic lies.

If Indians of the better classes did not come forth to be trained for the officer cadres, it was only because no avenues of employment were open to them. This state of affairs continued even after the establishment of the "Dufferin" since the Government of India had ignored the farsighted warning given by Narottam in 1926. "Unless the Government of India make it obligatory by statute, as recommended by the Mercantile Marine Committee in their report, on the ships plying on the coast to recruit at least 50 per cent of their officers from those who obtain the necessary certificate of competency, after undergoing training on the Training Ship, I feel certain that the proposed training ship will defeat its purpose."

These words proved prophetic because the British shipping companies showed little inclination to employ Dufferin cadets and when pressed by the Government, they accepted the minimum number. Not only this, but they held that the responsibility of giving employment to the cadets lay only on the Indian shipping companies. By 1936, less than 25 of the "Dufferin" cadets were employed by the British companies and though Scindias did their best, they could not absorb all the trained men. The then Commerce Member, Sir Muhammad Zafrullah Khan, had to admit that it was correct that a large number of ex-"Dufferin" cadets had not found employment and that "it might, to some extent, have discouraged youngsters from taking up that career." What did the Government do to remedy the situation? They altered the "Dufferin" prospectus so as to make it more non-committal and less attractive.

The original version said "The following shipping companies have agreed to accept as apprentices youths who have completed the course of the Training Ship and the Government of India consider that apprentices who give satisfaction should be able to obtain employment on the ships belonging to these and other companies" This was changed to read "The Government of India have arranged with the principal shipping companies operating on the coast of India to grant facilities to "Dufferin cadets to proceed to sea *as vacancies occur*" (Emphasis added) It was further stressed that "engagement of apprentices and the employment of officers in after life is, however, dependent on many factors such as conditions of trade, number of vacancies and rules and regulations of each individual company"

The alteration in the prospectus proved an escape clause to British shipping companies. Never very enthusiastic about the employment of Indian Deck or engineer officers (as distinguished from ratings who were welcomed with both arms because of their cheapness), the foreign companies were now freed of even the moral obligation to engage them. Fortunately, the Government's tactics, though they discouraged recruits, did not dry up their flow altogether and the second world war (which highlighted the acute shortage of trained naval personnel) knocked sense into the heads of British shipping companies.

Scindias, on their part, not only provided employment for as many "Dufferin" cadets as they could, but they also tried their utmost to help them to secure jobs elsewhere as also to open new avenues of employment for them. As a matter of fact, Scindias had followed a policy of Indianisation of their staff, both on shore and in ships, right from the beginning. "It has been the aim of your Board from the very outset," Narottam told the shareholders as early as 1923 "that the management of the company in all branches, as far as possible, should be Indian with the view that the patriotic object with which the company has been established, may be achieved as early as possible." Even before the "Dufferin" scheme was launched, they employed as many qualified Indians as they could despite the difficulty of getting qualified men with the requisite certificates. At the end of 1926, out of the 63 officers and engineers employed on seven steamers of the company there were 29 Indians—3 as Deck officers and 26 as Engineers. Within another two years the

position improved so much that out of 90 officers and engineers employed by the company as many as 42 were Indians Scindias also made arrangements with the foreign shipyards with whom they had placed orders for new tonnage to train batches of Indians in the art and science of Marine Engine Construction.

Apart from this, the company accepted apprentices for training as officers right from 1921 Later, it also began to utilise its ships the s.s. "Irravadi" (which was a passenger-cum-cargo ship running on the coast) as a training ship. This gave the apprentices plenty of practical experience. Another ship the "Bahaduri" was a shore establishment attached to the ship-repairing yard of the company in Bombay Narottam took keen personal interest and displayed considerable initiative in the training of apprentices in the various departments of navigation Marine Wireless Telegraphy was then a closed book to Indians He prevailed upon the Director General of Posts and Telegraphs (who was an Indian) to provide training for Indians as wireless operators They could not, however, be employed without getting practical experience on the sea for six months

Scindias's appeal to the Director of the Royal Indian Marine to provide the necessary opportunities having elicited no favourable response, they hit upon a novel plan They engaged the services of a foreign Wireless Operator on the stipulation that, apart from other services, he would train the Company's apprentices with practical experience as Wireless Operators. This gradually enabled Scindias to have a full quota of qualified Wireless Operators to man their ships and also to supply a few to other Indian shipping companies

Scindias also tried from the beginning to find employment for Indians in the port services, which were then a monopoly of the British. Rank discrimination was practised in every possible manner to discourage Indians While four years' previous sea experience in a vessel engaged in foreign trade was considered quite essential to a candidate recruited for port service in India, no such sea experience was obligatory for a candidate recruited in Britain The Anglo-Indian press kept mum on this matter, but it raised a clamour that the maritime trade of Calcutta would come to a standstill if Indians were allowed to pilot steamers into its port without previous sea experience The lengthy entrance to Calcutta port was admittedly difficult and even hazardous, but how could Indians show their

skill and capacity as harbour pilots unless they were entrusted with responsibility ? Scindias persistently fought on this issue with the Government of India as also with the Port Commissioners of Calcutta, while they also constantly endeavoured to build up public opinion. It was only in the thirties that their efforts were crowned with success when some "Dufferin" cadets were admitted to the Bengal Pilot Service.

It is hardly necessary to add that Scindias displayed almost paternal solicitude for the healthy growth and development of the "Dufferin". Their General Manager, M A Master, was for several years on its Governing Body as a representative of Indian shipping interests and much of the "Dufferin's" success as a nursery of Indian marine officers goes to him. Scindias were the first to endow scholarships for the Dufferin cadets, one of them named after Narottam Morarjee and another after Walchand Hirachand.

All these efforts were finally crowned with real success only in 1950 when the first Indian ship entirely manned and officered by Indians, the m v "Jalagopal", sailed into Singapore harbour on October 12. This was the first time an ocean-going Indian passenger-cum-cargo vessel crossed the high seas under the command of an Indian Captain with hundred per cent Indian officers and crew under the auspices of an Indian shipping company owned and managed by Indians. It was the Government-sponsored Eastern Shipping Corporation, which ran that service. Its managing agents were—Scindias !

The Brutal Truth

A REFERENCE HAS already been made in the earlier pages to the election of S. N. Haji to the Legislative Assembly in the general election of 1926. Like Master, Haji was an employee of Scindias and like him again he was considered to be an authority on shipping matters, being the author of a number of books and brochures on subjects of vital interest to Indian shipping. In the memorandum he had submitted to the Indian Mercantile Marine Committee (1924) he had incorporated a draft bill for the reservation of the coastal traffic to national shipping and the abolition of the deferred rebate system. Scindias had a heavy stake in both these measures, without which the stranglehold of foreigners on Indian shipping could not be loosened. The issue of coastal reservation for national shipping was being constantly ventilated in the press and the legislature.

The doubts whether a Bill recommending it would be *intra vires* of the Indian Legislature was finally resolved by the favourable verdict of Crown Lawyers to whom it was referred by the Government of India. The attempts of Walchand during his visit to London to get the issue clarified had proved inconclusive, as we have seen. But as the legal hurdle was now removed it was only a matter of time before another Bill would be tabled and the issue squarely joined. The atmosphere was favourable, the nationalist opinion being strongly represented in the legislature and a wave of patriotic ardour surging throughout the country. On February 9, 1928, when S. N. Haji rose to ask leave of the House to introduce the "Reservation of the Coastal Traffic" Bill (which is popularly associated with his name) the air was thick with conjectures, hopes and apprehensions. What attitude would the Government adopt towards the Bill? Would the British shipping interests give up their hostility to it? Would the Opposition be strong enough to carry it?

Haji attached a brief and lucid statement of objects and reasons to the Bill. Its object, he noted, was "to provide for the employment of Indian tonnage in the coastal traffic of British India and of the continent of India. The Bill is intended to serve as a powerful aid to the rapid development of an Indian Merchant Marine. Several attempts made in this direction in the past have all practically failed owing, it is believed, to the existence of powerful non-Indian interests in the coasting trade of India. There can be no doubt that the growth of an Indian merchant marine would prove a powerful factor in the employment of Indian talent and the further extension of Indian trade in various directions in a manner calculated to advance the national interests of India."

The Bill received unprecedented publicity and raised a storm of controversy. The Government sought the opinion of various associations and organisations, the overwhelming majority of whom supported the Bill. The Directors and officials of Scindias assiduously applied themselves to educating public opinion and canvassing support of members of legislatures and leaders of political parties of the Bill. After all, it was their own baby in whom their future hopes and ambitions were centred. It marked the high-water mark in the company's endeavours to build up national shipping. If the use of an historic phrase is permissible it was the *Quit Indian Waters* notice served on British shipping! Naturally, it caused a convulsion in its citadels as much in London as in Bombay and Calcutta. (Incidentally, on the same day Haji moved another complementary Bill to provide for the abolition of the deferred rebate system in the coastal trade of India and it was duly carried. But somehow it did not create much reaction probably because it was complementary to the first Bill and, unlike it, did not mount a frontal attack on foreign shipping companies.)

The Bill demanded the employment of only Indian owned tonnage in the coastal traffic of India, but it was reasonable in that it provided a period of five years for an orderly change-over. It was furiously attacked by British shipping interests as being expropriatory, as smacking of racial discrimination, as breaking international agreements and obligations and, paradoxically, as not being in the interests of India itself as it would lead to an increase in freight rates! The *Capital* of Calcutta, which led the Anglo-Indian press in attacking it, wrote that "Its immediate effect would be to establish

monopoly in the utilisation of imported ships captained and officered by imported men" Apart from editorial comment, "Ditcher", the *Capital's* columnist, crossed swords with Haji and their debate in its pages still makes piquant reading In the end "Ditcher" had to confess. "The brutal truth is that on such an issue argument is subordinate to power!" His prophecy that "the Legislative Assembly may pass Mr Haji's Bill but it is highly improbable that it will reach the statute book unless and until India attains Dominion status" also proved true, though it was a higher status than a Dominion that India had attained when the last British ship ceased to operate in her coastal waters

The nationalist press in the English as well as the Indian languages was solidly ranged in favour of the Bill No less a person than Mahatma Gandhi wrote an editorial in *Young India* in support of Haji's two Bills Declaring that he was "an out and out protectionist", Gandhiji criticised "the timid and overcautious recommendations" of the Indian Mercantile Marine Committee He wrote "Both the Bills are necessary and should pass without delay or difficulty I hold that every country, especially a poor country like India, has every right and is indeed bound to protect its interest, when it is threatened by all lawful protective measures and to regain by such measures what has been wrongfully taken away from it. I have my doubts about anything substantial being done under the existing system through legislative effort But I take up the same position I have always maintained regarding organised industries such as mills I should welcome and support all action and would protect them against foreign aggression or free them from foreign competition especially when the latter is grossly unfair, as it is the case with foreign shipping I therefore wish Sarabhai Haji every success in his very moderate effort He might quite justly have gone further than he has" Gandhiji indeed felt so keenly about coastal reservation for Indian shipping that, two years later, he included the demand in the historic "Eleven Points" he submitted to the Viceroy on the eve of the launching of the second civil disobedience movement

The Bill was debated on September 13 and 20, 1928, on the motion to refer it to a Select Committee and impassioned speeches were delivered both in its support and opposition, the best talent on both sides being marshalled for that purpose Sir James Simpson,

representing the Associated Chambers of Commerce, was the main speaker for the opposition and he levelled the well-thumbed charges against the Bill "Of course the Bill does not mean the expropriation of the ships, but it certainly means, what is equally important, expropriation of the goodwill and the earning power of the large British interests who have through good years and bad years and by immense pioneer work built up this very coastal trade and have at all times met the peculiar requirements of that trade and, under all difficulties, kept up regular services in a most efficient manner. Yes, we could sail away with our ships in five years but if you are legislating like this in other things, we could not sail away with our tea gardens or our coal mines, or our oil fields, or the railways or any other immovable property we have bought and paid for. The principle of the Bill is confiscation of the deepest dye—worse than anything any socialist government in any part of the world would ever dream of." Sir James wound up his speech with the declaration that "I waive aside all juridical definitions and I claim to be a British Indian national."

Among the galaxy of supporters of the Bill were Motilal Nehru, Lala Lajpat Rai, R. K. Shanmukham Chetty and G. D. Birla. Motilal Nehru picked up Sir James Simpson's queer demand for 'national treatment' for his powerful invective. "Now, Sir," he thundered, "what is claimed by national treatment? Has anybody ever heard of national treatment except among nationals of the same country? What is national treatment? Is it a thing which goes floating about on the seas which one has to cross between India and England? You have to be a citizen if you claim the rights of citizenship. That is the only basis upon which you can claim equality and non-discrimination, because in the case of others who are not citizens there should be and in fact there is in every country discrimination as regards national treatment. What does the claim amount to? It is not merely a claim to remain in peaceful enjoyment of the coastal carrying trade, but the claim, when closely examined, comes to this that it is we Britishers, and we alone, who must form the mercantile marine of India. The present combines may form the mercantile marine of India but the tragedy of it will be that it will be a mercantile marine of India with no Indian on it!"

Pandit Motilal Nehru then turned to Sir James's charge of "expropriation of goodwill." "I can imagine" he said, "your parting

with your property along with the goodwill, or rather trade along with the goodwill, but I cannot conceive the case of only parting with goodwill and keeping the trade to yourself. It will be more accurate to describe it as a restraint on trade, which may be of two kinds. It is either by contract between private individuals or it is by legislation in the interests of the country. In the former case, restraint is permitted to a limited extent in certain instances. In the latter case, when a restraint has to be imposed on trade for the political, economic or social advancement of the country, there is absolutely no limitation. If private interests are likely to suffer, they will have to suffer. The present is a case, I submit, which raises a question directly affecting the advancement of the country and is, therefore, of national importance. If it becomes necessary at any time to pass discriminatory legislation, it would be perfectly open to the Indian legislature to do so even before it has got Dominion status. But I do not admit that this is discriminatory legislation at all!"

Lala Lajpat Rai took up the same issue for his comment. "The whole method and the structure of the Indian Government, fiscal, military and political", the Lala averred, "is one of continued evidence of discriminatory legislation even in the Reforms that were introduced in 1919. Take, for example, this Legislative Assembly where we are supposed to have a majority. Yet we are not sure of passing this measure through the Assembly, nor are we confident of placing it on the statute book. Even if the Assembly passes this Bill against the wishes of the Government, they have got the Council of State which is entirely in their pocket. Then they have got the vetoing power of the Governor-General. Then they have the vetoing power of the Crown on the advice of the Secretary of State. Is this not racial discrimination, is this not discriminatory legislation?"

"For those gentlemen over there", the Lion of Punjab roared, "to accuse us of discriminatory legislation against them is absurd. The whole of their activities, the whole of their trade in this country is based on discrimination. One comes across discrimination on the railways, discrimination in ships, discrimination everywhere, all down the line."

The Lala then proceeded to vindicate the Indian shipping industry. "Indian shipping capitalised by Indian capitalists is absolutely

essential if India is to develop her shipping industry. The shipping industry is a key industry. It is absolutely necessary for the defence of the country, it is absolutely necessary in times to come for our existence as an independent and free nation. Therefore, we are asking for protection to rehabilitate our shipping industry and we are not asking for any racial legislation. We are using the powers that are given to us by the Constitution for the purpose of building up an industry and rehabilitating ourselves against the losses we have suffered in the last two centuries. We are perfectly justified and within our rights to ask for this legislation and the arguments on the opposite side that this would mean racial discrimination are absolutely beside the point."

Haji's motion to refer the Bill to a Select Committee of 21 members, presided over by Pandit Madan Mohan Malaviya, was passed by the Assembly by 71 votes to 46, the majority being unusually large for those days. The echoes of this triumph of national opinion reverberated not only in India but also in Britain. The Select Committee was asked to report on the Bill by February 10, 1929, but it took 42 more days to do it. As expected, the three European members submitted Minutes of Dissent. The majority report though it approved the Bill's principle in the main made extensive changes in it and, therefore, recommended its recirculation for eliciting public opinion.

Narottam was naturally happy over the reference of Haji's Bill to a Select Committee by "a splendid majority" of 25 votes. It gave him immense satisfaction both as the Scindia chairman and in his personal capacity. He had realised in his repeated infructuous efforts to get the unfair 1923 Agreement with B I revised, that unless public opinion was mobilised in support of the legitimate demands of Indian shipping, its future would be bleak indeed. During the previous year he had devoted himself to that task and his organising capacity and persuasive manner had yielded the expected fruit. Of course, victory was yet far away. At the most, it could be said that he had taken the first step on a long tortuous uphill road. But there could be no short cuts to success. The march to the goal would be arduous but at last Scindias had determinedly launched themselves on it. There would be no turning back now.

As was to be expected, Narottam devoted a considerable part of his annual speech to the shareholders in 1928 to the debate 'in

the Legislative Assembly. He took Sir James Simpson to task for his mischievous arguments, as he had done Sir Charles Innes the previous year, and showed how preposterous his demand for being treated as an Indian national was. With uncanny foresight he pointed out that that demand was "nothing but an echo of the clever cry of the European commercial community, as manifested in their memoranda before the Indian Constitutional Inquiry Committee, for economic capitulations, that is statutory guarantees that no Indian legislature shall control or curtail their freedom to exploit India." (It may be pointed out in passing that such a guarantee was incorporated in the Government of India Act of 1935.)

Narottam then turned to the hypocritical appeal of the Commerce Member, Sir George Rainy, to withdraw the Coastal Reservation Bill so that the Government of India could pay careful consideration at an early date to other schemes which were likely to be brought to their notice. "What guarantee is there", Narottam asked, "that the Government will not turn down any other scheme that may be placed before them for the development of Indian shipping?" If Sir George Rainy and his Government were really sincere in their profession for the development of Indian shipping, let them begin by accepting the principle of the coastal reservation, a principle accepted and acted upon by all maritime countries of the world at some time or other in the development of their national shipping."

"Moreover," Narottam pointedly asked, "are the Government of India prepared to give construction loans at cheap rate just as France and even England have done? Are the Government of India likely to give subsidies and bounties for enabling Indian shipping to build up its position in the overseas trade just as America, Japan, Italy and other important maritime countries have done? We have had enough of Committees. Let Government first announce their definite policy. Let Government tell us how they propose to help the development of Indian shipping. Let them give us a tangible proof of their sympathy. Then will be the time for the Indian public to consider how far they are serious in this matter."

This was fair enough. But it was to be the last occasion when Narottam delivered a speech as chairman of Scindias.

During the last two years of his life Narottam was constantly busy in countering the mounting threats and challenges to Scindias. The year 1928 marked a severe recession in trade. The rice trade

from Burma to India, which Indian merchants had built with the sweat of their brow, received a severe jolt due to factors beyond their control. Japan, which was normally an importer of Burma rice, not only prohibited its imports but also re-exported about 35,000 tons of old Burma stocks to Bombay in 1928. Siam too began to ship its rice and paddy. The normal movement of rice from Burma to India was thus arrested and the position was made more complex by the advent of tramp tonnage. The basic rate, which was fixed by the Conference at Rs. 14 net per ton at the beginning of the year, had to be brought down to Rs. 10-2-0 and this too with retrospective effect. Scindias consequently had to suffer considerable losses during the latter half of the year.

The terms of the 1923 Agreement and the inequitable conditions imposed by it, however, were proving more and more detrimental to the company's interests every passing year, what with the B.I.'s sly attempts to circumvent even the few obligations it had accepted and the recession prevailing in the shipping trade. In June 1928, for instance, B.I. unilaterally fixed the Rangoon-Bombay rate at Rs. 11-4-0, less Re. 1 per ton for the whole year. Similar changes were made in the rates between Bombay, Karachi and Malabar. During his visit to London in 1928, Narottam (who was later joined by Walchand and H. P. Mody) tried his utmost for a fair revision of the 1923 Agreement. Scindias's main demands were for the increase of their tonnage to 175,000 tons, entry into the passenger trade over all routes and full membership of such Conferences as were concerned with the routes to which the revised Agreement would relate.

Scindias's directors had several meetings with B.I. officials who turned down all their demands and made some counter-offers, the main of which was that B.I. was willing to bring Scindias into a pool with them of earnings and tonnage provided that they would give B.I. a determining voice in fixing freight rates. Not only could there be no useful negotiations on such a sweeping basis but Narottam felt that even to continue further talks on these lines would be derogatory to Scindias. Further attempts to secure the good offices of the India Office to bring pressure on B.I. also proved unavailing. Talks with Earl Winterton, Under-Secretary of State for India, were held on the basis of a memorandum presented by Scindias to Sir Geoffrey Corbett, Secretary of the

Commerce Department, Government of India, which seemed to have his (Corbett's) tacit approval. Earl Winterton behaved in a very agreeable manner but professed his inability to bring pressure on Lord Inchcape. After a final somewhat stormy interview with Sir William Currie, Narottam and his colleagues returned to India, having gained nothing except a grim realisation of the formidable obstacles that lay in their path. After their return Narottam and Walchand met the Viceroy, Lord Irwin, and acquainted him with the difficulties Scindias were facing.

Scindia Steamships (London) Ltd, was established on February 1, 1929, as the company's representatives in London, since it became clear that non-nationals would not be able to serve the interests of the company in the U.K. with the requisite zeal and devotion. The trade recession continued in 1929, the freight rates remaining on an uneconomic level. Many steamers obtained poor dispatch and had to sail with considerable empty space even from Burma ports which normally provided full cargoes.

There were, however, silver linings to the cloud. The Coastal Reservation Bill emerged through the Select Committee with its essential provisions unscathed, which was a matter of relief and joy to Narottam. During his visit in London he had the honour of being invited by H. M. King George V to a Garden Party at the Buckingham Palace on July 26, 1928. As he wrote to a colleague, the invitation was a surprise because it was altogether unsolicited.

Death of Narottam

ON NOVEMBER 5, 1929, Scindias were overwhelmed by a sudden and unexpected calamity. Their founder and chairman died in a tragic accident that day near Lonavla while returning by car from Sholapur to Bombay. He was hale and hearty and his death was literally a bolt from the blue to the members of his family, to his associates at Scindias, to the large circle of his friends, to the commercial community and to the people at large. He was to attend a meeting of the Board of Directors on November 5, but as he could not leave Sholapur earlier he had sent a telegram requesting the meeting to be postponed. The Directors' report to the shareholders for the year ending June 30, 1929, was ready and only awaiting the signature of the chairman. But destiny willed otherwise.

The report was circulated to the shareholders in a black-bordered postscript dated November 8. "Since the above report was written, your Directors have received with profound grief the news of the very sad death of their chairman, Mr. Narottam Morarjee, on November 5. Your Directors desire to place on record their deep sense of loss of a colleague who was universally held in high esteem and affection and their sense of appreciation of the very valuable services rendered by him to the Scindia Company and to the cause of Indian shipping generally.

"Mr. Narottam Morarjee's advice and guidance would have been particularly useful to your Directors at present when the company is passing through difficult times. They, however, take this opportunity to assure you that they will not spare any efforts to promote the interests of the company and the cause which the late Mr. Narottam Morarjee had so much at heart."

Naturally, Narottam's death in tragic circumstances cast a gloom not only over Scindias and other firms and mills in Bombay and

Sholapur, with which he was associated, but also over the entire business community of India. Several markets, bazaars, and other institutions were closed for a day in respect to his memory. His offices and home were flooded with condolence messages from a vast circle of friends—princes, magnates and plebians. Leading citizens from all walks of life and belonging to all nationalities attended the “Uthamna” (third day’s funeral ceremony) held at his residence in Pedder Road. The English and Indian language press joined national leaders in paying fervent tributes to Narottam’s manifold services to the nation. Mahatma Gandhi expressed the widespread feeling of grievous loss and sorrow in an obituary in *Young India* on November 14. “The tragic death of Sheth Narottam Morarjee removed from our midst a merchant prince who combined patriotism with commercial ambition. As an employer of labour, he combined humanity with its exploitation. His latest enterprise, the Scindia Steam Navigation Company, was conceived as much through patriotism as through ambition. His charities were wide, discriminating and in keeping with the modern requirements. The removal of such a son of India at this juncture is a great loss to the country.”

If this tribute expressed the feelings of national leaders, Walchand Hirachand, who succeeded Narottam Morarjee as the chairman of Scindias, reflected the feelings of his colleagues at the annual general meeting of shareholders on November 25.

“It is now a matter of common knowledge,” Walchand noted, “how the late Mr. Narottam Morarjee, as the head of this company, had to lead a continuous fight in the struggle even for the mere existence of the company in the face of powerful foreign vested interests. That struggle is not yet over and we are still in the initial stages of the great fight looming large on the horizon. But I venture to think that the future historian of the revival of Indian mercantile marine in the 20th century will have to inscribe in bold letters the name of Mr. Narottam Morarjee as a great pioneer of modern Indian shipping. I had the privilege of being associated with the late Mr. Narottam Morarjee from the very commencement of this concern and can therefore speak with knowledge of the very many obstacles which he had to face and, as we know, faced successfully with your sympathy and support and the sacrifices which you have willingly made to bring the company to its present

position You all know the high esteem and affection in which the late Mr Narottam Morarjee was held and the great extent to which his name and sense of honour and the high reputation they carried in the world of commerce and industry were real assets of our company "

Walchand was indulging in no hyperbole. Narottam was the real founder and maker of Scindias and the company—and with it Indian shipping—was fortunate in having such a man at its helm during the first most difficult decade It was significant that Walchand should have approached Narottam by instinct as it were when the idea of purchasing the "Loyalty" struck him on that memorable day For he knew that Narottam alone among all the "commercial kings" of that day would support him in a venture of the nature and magnitude he had in mind, that Narottam's guidance would be essential for the success of his plan, that Narottam's association alone would interest other businessmen in the project and ensure adequate support of investors and the general public, that Narottam had the requisite grit and courage to fight vested interests, that Narottam's patriotism would be proof as much against official coercion as non-official foreign blandishments Mere business acumen without sterling nationalism could help one in those days to reap private profit but not to serve public interest To his last hour Narottam remained true to the principles on which Scindias were founded—that the company was, first and foremost, a national enterprise Its commercial interests were only secondary to its main ideal

That the obituary tributes to Narottam were not merely topical or conventional was demonstrated nine years later on the occasion of the opening of Scindia House and of the simultaneous unveiling of Narottam's bust, which is prominently installed at the entrance to the building, with Gandhiji's eulogy inscribed on it Among the many messages received on the occasion was one from Netaji Subhas Chandra Bose, then President of the Indian National Congress, which observed "Narottam Morarjee led in the initial stages the valiant fight against British shipping interests and contributed all that was best in him for building up a national shipping industry " Another notable tribute came from the Jamsaheb of Nawanagar who wrote "When the Scindia Company was started twenty years ago by my late friend, Seth Narottam Morarjee, he was confronted

with innumerable difficulties and formidable opposition. But a brave fighter, a great nationalist and a shrewd businessman that he was, he could visualise the bright future of this all-important industry and would never give up the fight for its just rights. He was not destined to see his pet child on its feet well-established. His name will be written in letters of gold in the history of Indian shipping for having revived this key industry and awakened the public to its value and importance to the country."

In his speech requesting Sardar Patel to open the Scindia House and Bhulabhai Desai to unveil the bust of Narottam, "the founder of the Scindia Company and the great pioneer of Indian shipping," chairman Walchand Hirachand recalled how it was solely owing to the position, prestige and influence of the great House of Morarjee Goculdas that the authorised capital of Rs 45 crores was oversubscribed. "As a captain of industry, Narottam's name will occupy an important place in the annals of India. As an employer of labour, his name will go down in history as one who did his best for promoting its welfare and for bringing the touch of humanity in its relations with its employers. His name will find a warm place in the hearts of his countrymen for the tact, courage, judgment and foresight with which he worked for the Scindia Company and thus served the cause of national shipping."

Walchand also recalled Narottam's charming personality, his pleasing manners, his genial temper and his robust optimism which inspired even his opponents with respect for his work. "His grateful colleagues will never forget the great services which he rendered to the development and progress of this company. It is, therefore, in the fitness of things that his colleagues should decide that his bust should greet those entering Scindia House and inspire them with the spirit of Indian shipping."

Sardar Vallabhbhai Patel observed, while formally opening the Scindia House. "How can we forget Shri Narottambhai who laid the foundation of this company and whose imagination created this enterprise? Shri Shantikumar, the son of Shri Narottam Morarjee, has also inherited his father's patriotism and is devoting all his abilities to the service of the Scindia Company for which he deserves our felicitations." In unveiling Narottam's statue, Bhulabhai Desai said that both of them studied together in the Elphinstone College, Narottam being two years his senior. "Our friendly relations

continued until the day of Narottam's death and this relationship had been a matter of pride and satisfaction to me. After his college career he took to commerce and industry. Seth Narottam was the heir to the great traditions of the House of Morarjee Goculdas. He was imbued with commercial instinct and foresight. It is, of course, now recognised as one of the primary obligations of an industrialist to know the wants of the poor and to look after and improve the welfare of labour. But even in those days when these ideas were not clear or appreciated and when there was not that understanding between the employers and labour, Seth Narottambhai inspired the idea by introducing a human touch in his relations with labour and tried to maintain sweet and amicable relations between masters and men."

Narottam was an ardent patriot and a great captain of industry. But withal he was a genial soul with the gift of friendship and was freely accessible to all—high and low. His hospitality was proverbial and his friendly manners charmed all those who came into contact with him. Although he had frequently to cross swords with representatives of British shipping interests, he counted a number of Englishmen among his personal friends and he was entirely free from religious or racial bigotry. K. Natarajan, in his obituary tribute in the *Indian Daily Mail*, threw light on a side of Narottam's character, which was not widely known. Narottam was something of a mystic, according to Natarajan. "This writer", he wrote, "remembers a long and interesting conversation between Narottam and Sir Sankaran Nair on Yogic practices of which both spoke with much enthusiasm and insight. Occupying, as Narottam did, a prominent place in the business world, his deepest interests, one felt, were by no means monopolised by money making but were widely distributed over religion, art and books."

Such was Narottam—the best of men—as his name literally meant. His premature death at 52 was an irreparable loss to Scindias. It is entirely appropriate that his memory is enshrined in the form of a bust at the very entrance of Scindia House. But is not Scindia House itself a monument of Narottam though it was built long after his demise? *Si monumentum requiris, circumspice!* If you seek his monument, look around you!—one may truly say as one steps into the Scindia House.

The Giant and The Dwarf

NAROTTAM'S DEATH was a grievous loss to the directors of Scindias, and particularly to those who had joined hands with him in purchasing the "Loyalty" in 1919. But they could not abandon themselves to grief. They had to gird their loins to meet the heavy responsibilities that were cast on them. The Scindia ship had to be steered to a safe haven through rough seas and tempestuous weather. Apart from fighting foreign vested interests, they had to ensure the continued confidence and support of their own countrymen even in the absence of Narottam. The price of Scindia shares ominously fell from Rs. 14 to Rs. 11 on the day following his death! The company was fortunate in having a seasoned colleague of Narottam like Walchand to succeed him as chairman in its hour of trial.

As it happened, Scindias had to pass through very difficult times in the days following Narottam's death. The trade depression was getting worse and worse from year to year compelling uneconomic freight rates and at times half-empty sailings. Especially the years 1930, 1931 and 1932 proved critical for the company owing to the political unrest in the country, labour strikes and the riots which occurred between the Burmese and Andhra workers in Rangoon. All these factors would have entailed a crippling loss on Scindias had it not been for the support of patriotic Indian merchants in Burma. The situation was further complicated by the increasing Japanese competition, which made a bid to capture the trade by dumping tonnage at Burma ports and loading their ships at whatever rates they could get. No doubt such cut-throat tactics affected all the Conference members, but they hit Scindias most as they could not recoup their losses elsewhere. In the five years between 1928 and 1933, the company suffered a total loss of over Rs. 8.50 lakhs—it being the worst quinquennium in its history.

During all this difficult period, Scindias were persistently continuing their efforts to secure a revision of the 1923 Agreement despite the rebuffs they were meeting with from all quarters. They had to since "the slavery bond" was becoming virtually unbearable. For the sheer survival of the company, negotiation with the B.I. had to be kept alive at some level or other at Bombay, Calcutta or London—wherever and in whatever way it was possible.

During his visit to London in the middle of 1929 to attend "the International Conference of Safety of Life At Sea", Master called on Lord Inchcape twice. He laid before him the Note Scindias had presented to Lord Irwin the previous year as a basis of discussion, but his Lordship was not prepared even to look at it. He only reiterated (and further tightened) the terms offered earlier by Sir William Currie. In the belief that the Labour Government (which had come to power in Britain as a result of the General Election) would be more sympathetic to Indian interests, Master and Sir Phiroze Sethna (who was then a director of Scindias) met Captain Wedgwood Benn, Secretary of State for India on August 1, 1929. Sir Louis Kershaw of the India Office was also present at the meeting, which ranged over the whole gamut of Indian shipping. Wedgwood Benn expressed sympathies for Scindias, criticised the crusty attitude of Lord Inchcape, extended his support to the Haji Bill and promised to do all that was in his power to develop an Indian mercantile marine. The cordial nature of the interview was seen in his concluding casual remark that he would like to visit India as a passenger on a Scindia ship. Master promptly replied that his wish would be fulfilled within a reasonable time if the Government gave the necessary help to Indian shipping.

The following month Master and Sir Phiroze met Lord Irwin who was then on a visit to the U.K. They informed him how all their efforts to solve their problems in a spirit of co-operation and goodwill had failed in view of the adamant attitude of Lord Inchcape and told him plainly that the policy adopted by B.I. was only calculated to drive Scindias out of business. A revision of the Agreement with certain minimum favourable terms for Scindias was essential for the existence of themselves and of Indian shipping itself. The interview was less cordial than that with Wedgwood Benn and it ended with a vague assurance of sympathy. What happened subsequently at the Viceroy's conference through which

Lord Irwin tried to translate his sympathy into action is well-known

The offer of the Commerce Member, Sir George Rainy, to explore other means of solving the coastal reservation issue if Haji's Bill were out of the way was received with natural distrust by Indian interests. Narottam had criticised it merely as a dilatory tactic, as noted earlier. Walchand, too, expressed a similar opinion. But the Viceroy, Lord Irwin, himself had made an effort in two successive speeches to remove public suspicion on this issue in his bid to usher in a new policy of co-operation and goodwill between India and Britain. Irwin's first reference to the Haji Bill occurred in his speech to the Associated Chambers of Commerce of India—then the stronghold of British commercial interests in this country—on December 17, 1928. Although he defended European shipping interests and criticised 'the dangerous methods' advocated in Haji's Bill, he also conceded that "the main impulse behind the Bill is not a mere desire to secure for Indian capitalists the profits which are now made by British companies. Rather it is an ambition—and who shall say it is an unworthy ambition?—that India should have its own mercantile marine and that the ships of that mercantile marine should be officered as well as manned by Indians." In his address to the Federation of Indian Chambers of Commerce eleven days later, His Excellency repeated more or less the same sentiments though he entered a more vigorous defence of British shipping interests which were giving "ungrudging assistance" to the training of personnel which he believed to be fundamental in this vital matter.

Lord Irwin's assertion that "co-operation and not discrimination" was the best means to create an Indian mercantile marine did not enunciate any new policy but, at any rate, it indicated that the Government of India was inclined to give up its open hostility to Indian shipping. Sheer courtesy to the "Christian Viceroy" (as Irwin was labelled) as well as discretion demanded that his new policy be given a fair trial. At the same time, care had to be taken to keep the issue alive. To elicit the Government's attitude, Sir Purshottamdas Thakurdas asked a short notice question in the Legislative Assembly. In reply, the Commerce Member, Sir George Rainy, declared the Government's intention to convene a conference of all interests concerned with a view to arriving at mutual under-

standing and agreement. If that was not achieved, the Government would explore fully the means by which the obstacles in the way of the development of Indian shipping could be removed. Sir Charles specifically referred to three issues that called for an early solution : (I) Prevention of the ruinous rate wars, (II) controlling the system of deferred rebates and other restrictive practices, (III) extending direct financial assistance to Indian shipping.

The Viceroy's shipping conference (as it was called) met in the first week of January 1930 and was presided over by Lord Irwin himself. Although the representatives of both Indian and British interests were invited to the conference, the latter attended it expressly in the role of observers so as not to commit themselves in any way.¹ Scindias were represented by a strong delegation headed by their chairman. It was hardly to be expected that the conference would succeed in view of the unhelpful attitude of British interests and it was not long before it broke down, the main hurdle being their demand that the purchase price of British ships by Indians should include the goodwill of the trade. This is not to say that British interests had agreed to the replacement of British tonnage by Indian tonnage. The communique issued by the Government after the failure of the conference was hardly promising. It only noted that "the Government of India will take into consideration at an early date the issues raised in the discussions on the development of the Indian mercantile marine. As soon as it has been possible fully to consider these issues, the responsibility will rest with the Government of India of deciding what action should now be taken and whether any useful purpose would be served by inviting the interests concerned to meet again."

Intrinsic reasons alone were not responsible for the failure of the Viceroy's shipping conference. Meeting in the wake of the Independence Resolution passed by the Lahore Congress on the last day of 1929, it had hardly roused any enthusiasm or expectation in the general public. The nation's attention was now occupied by the impending civil disobedience movement, which seemed inevitable despite Gandhi's sincere effort to avert it by demanding the satisfaction of his historic "Eleven Points", the eighth of which was "the enactment of a coastal reservation Bill" as an earnest of Government's intentions. This was an indication as much of the importance of national shipping in the country's economy as of

Gandhi's touching solicitude for it. Failing to evoke any response from the Government to this peaceful approach, Gandhi launched his historic Dandi March. His arrest on May 4, 1930, opened the floodgates of the civil disobedience campaign. In keeping with the national sentiments all nationalist members of the Central and Provincial Legislatures (including S. N. Hají) tendered their resignation of their membership. The Legislative Assembly itself was dissolved soon after and the Coastal Traffic Reservation Bill lapsed. It may have failed to achieve its objective, but it had mobilised public opinion solidly in the cause of national shipping.

The British shipping community, on its part, was trying to muster as much support for its interests as possible both in India and the U.K. The Associated Chambers of Commerce were assiduous in conducting propaganda through meetings, memoranda and circulars against what they called discriminatory legislation. They requested the Simon Commission to recommend statutory safeguards against it. A plea for it was also made at the Round Table Conference in London. They gave their demand a seeming respectability by calling it "equality of trading rights". In U.K. Lord Inchcape let out a loud blast in his annual speech to the P & O Company shareholders against the call for coastal reservation in India. He painted a blood-curdling picture of the fate that awaited not only shipping but other industrial and plantation interests if the Hají Bill was put on the statute-book. It was British Government and administration, British capital, British enterprise, British brains and British integrity, he thundered, that had developed India and made it the great country it had become. Discriminatory legislation would be a death-blow to the progress and prosperity of India. All that His Lordship wanted was "a fair field and no favour" policy!

The Federation of Indian Chambers of Commerce and Industry, as the authoritative spokesman of Indian commercial and industrial interests, did its best to counter such propaganda. "There can be no self-government in India", it declared, "if she is to be denied the power to devise and follow a national economic policy, including the right, if her interests required it, of making economic legislation against non-national interests. In order to seek Mahatma Gandhi's advice on the subject, a deputation of the FICCI waited on him in Delhi. He replied "You can rest assured that the Congress

is with you in your protest against this demand for so-called equality of rights made at the Round Table Conference. Whatever other countries might have done or not done, India should take such steps to protect and develop her industries as it might suit best her own interests. The right of the future Indian Parliament to discriminate between nationals and non-nationals, whenever Indian interests require it, shall remain intact and unimpaired. The claim of Europeans to be treated as a minority community is untenable."

Gandhiji elaborated this view in an editorial in *Young India* dated March 26, 1931, with the expressive heading "The Giant And The Dwarf". He wrote "The situation today is this. The Britisher is the top-dog and the Indian the under-dog in his own country. In the administration of the country, the Indian is generally a mere clerk. In business he is at best a commission agent getting hardly 5 per cent against his English principal's 95 per cent. In almost every walk of life the Englishman by reason of his belonging to the ruling class occupies a privileged position. It can be said without fear of contradiction and without any exaggeration that he has risen upon the ruin of India's commerce and industry. The cottage industry of India has to perish in order that Lancashire might flourish. The Indian shipping has to perish so that British shipping might flourish. It was not a mere picturesque expression of Gokhale's when he said that our growth was stunted.

"To talk then of no discrimination between Indian interests and English or European is to perpetuate Indian helotage. What is equality of rights between a giant and a dwarf? Before one can think of equality between unequals, the dwarf must be raised to the height of the giant. It is to be feared therefore that before we reach the state of equality, the levelling process will have to be gone through. Justice demands this. It will be a misnomer to call the process one of discrimination. There is no such question. There is room enough in our country for every British man, woman and child if they will shed their privileged position and share our lot. They must then exchange the might of the British Army for the goodwill of a whole nation, which is at their disposal for the asking. Our goodwill is the truest safeguard that we can offer to them and I make bold to say that it will be infinitely better and more dignified for both of us.

"British trade where it is not hurtful to India's interest can be placed, when we reach a state of honourable association, on a favoured basis. And an India free from exploitation from within and without must prosper with astonishing rapidity. With growing prosperity, her wants must grow. With her growing wants must grow also her imports. If, at that time, Britain is a partner or ally, she may well become India's chief supplier. That is a dream I should love to realise."

Soon after, on April 7, Gandhiji was invited to inaugurate the annual session of FICCI. Among his audience was Sir George Schuster, Finance Member of the Viceroy's Council. In his speech Gandhiji adverted to the demand of "equality of rights" and observed: "If then we contemplate examining the so-called vested rights in the light of India's interests, it is not because of racial prejudice but because of vital necessity. Their vested rights may not smother nascent indigenous enterprise."

Although nationalist members had left the legislatures and the nation was mainly occupied with the freedom struggle (with an occasional glance at the Round Table Conference), sporadic attempts continued to be made then and later to raise the issue of shipping in the Legislative Assembly. For instance, Dr Ziauddin Ahmad moved a resolution in the Legislative Assembly on September 7, 1932, that necessary steps should be taken by Government for fixing the minimum rate for passengers travelling between coastal ports. Lala Jagdish Prasad moved a resolution in the Council of State in 1935 recommending the Government to take steps to build up an Indian mercantile marine for securing an adequate participation of Indian shipping in the coastal and overseas trades. The resolution was adopted without division but nothing came out of it. The following year P. N. Saprú introduced in the Council of State a Bill to control coastal traffic and tabled a similar Bill after the reconstitution of the Council. It being negatived, he again moved a Bill asking the Government to take more active steps for the expansion and protection of the Indian merchant marine. Although it was adopted, no action was taken on it in view of the war.

Despite all such well-reasoned pleas, resolutions and protests at the highest level, it soon became clear that British official opinion was inclined to protect its interests anyhow. The Round Table Conference had proved a fiasco and the British demands had become

progressively more clamant The Association of British Chambers of Commerce and the British shipping interests forcefully asked for safeguards in their evidence before the Joint Select Committee on the Constitutional Reforms Bill and it hardly surprised anybody when they were incorporated in the Government of India Act, 1935. Section 115(1) referring to shipping specifically provided . "No ship registered in the United Kingdom shall be subjected by or under any Federal or Provincial law to any treatment affecting either the ship herself, or her master, officers, crew, passengers or cargo, which is discriminatory in favour of ships registered in British India, except in so far as ships registered in British India are for the time being subjected by or under any law of the United Kingdom to treatment of a like character, which is similarly discriminatory in favour of ships registered in the United Kingdom" In Section 116 relating to the grant of subsidies for the encouragement of trade or industry, sub-section 3 read "For the purpose of this Section a company incorporated by or under the laws of the United Kingdom shall be deemed to be carrying on business in India if it owns ships which habitually trade to and from ports in India"

Indian shipping had irretrievably lost the war which it had waged on a constitutional level since 1922 It was delivered bound and sealed to the tender mercies of its powerful British rivals The Giant and the Dwarf were put on the same level "Even the little power which India enjoyed to help its national shipping in the past", bewailed Walchand, "is now taken away from it and India now has to depend entirely upon its own people and evolve its own mercantile marine"

But Providence, which watches over the destinies of nations as well as human beings, came to the succour of India The Federal part of the 1935 Act had a still birth and the second world war soon after unleashed forces which were too powerful for British imperialists to suppress In the fullness of time, India kept her tryst with destiny on August 15, 1947, and all the legal and political ramparts which British had raised for the protection of her mercantile interests—her rule itself—were swept away with the independence of India If pride goeth before a fall, greed too meets with its nemesis

Best Of A Bad Job

LORD WILLINGDON succeeded Lord Irwin as the Viceroy and Governor-General of India in 1931 with the avowed intention of crushing the Congress movement. Willingdon, however, was courteous in his personal relations with Indians. When Master met him on June 15, 1931, to discuss the problems facing Indian shipping and Scindias, he listened to him sympathetically. He recalled that he had known Narottam personally during his days as the Governor of Bombay. Master also met Sir Joseph Bhore, who had assumed charge of the Commerce portfolio. As the first Indian in this office, he was fully conversant with the issues that Indian shipping was faced with and was also convinced that it deserved government support. Sir Joseph proved a good friend of Indian shipping.

While Master was tackling officials in Simla, Walchand was busy at the other end in London. He had at last won over Sir George Rainy, the former Commerce Member, to his cause, the British companies' attitude at the Viceroy's shipping conference having served as an eye-opener to him. Walchand and Sir George Rainy called on Lord Inchcape on July 8, 1931. Lord Inchcape was 80 then and in obviously failing mental and physical health, but his reaction to any opposition to his wishes or interests was as obdurate as ever. He stuck to his refrain that B I won't be driven out of the Indian business under any circumstances. Vainly did Walchand try to explain to him that that prospect was, in fact, looming before Scindias and not B I and that was why he had come to see him. When Walchand casually referred to legislative measures to reserve coastal trade for Indian shipping, Lord Inchcape stormed that in that case he would be forced to register B I as an Indian company with rupee capital and Indian shareholders and wage an open war with Scindias. With this outburst he abruptly walked out! This exhibition did not come as a

surprise to Walchand, but Sir George Rainy seemed to be visibly upset by it.

Having drawn blank from Lord Inchcape, Walchand once again met Wedgwood Benn and had a lengthy discussion with him. But nothing concrete resulted from the talk. Thereafter in July Walchand resumed negotiations with B.I. and Asiatic officials in London. But they took the curious attitude that they were there only "to know and hear in their personal capacity" and their negotiations would in no way commit their head office in Calcutta. Another man in his place would have felt utterly frustrated by these experiences but it was not in Walchand's nature to admit defeat. He kept knocking on every possible door. He met Sir Joseph Bhore, who was in London for the Round Table Conference, Lord Irwin, Sir Geoffrey Clark, a director of the P. & O., and Sir Findlater Stewart of the India Office. He utilised every such contact to further his cause in whatever way it was possible though he knew that nothing worthwhile would materialise out of all such talk.

The year 1932 was drawing to a close and the ten-year agreement would expire in the following year. Definite steps had to be taken to renew it on the best possible terms or, at any rate, the least unfavourable. The death of Lord Inchcape in May 1932 removed the biggest obstacle to a reasonable compromise, though his successors could be trusted to fight to the last ditch to safeguard British shipping interests. Fortunately, Walchand could now rely on the support of Sir Joseph Bhore and even of Lord Willingdon, who was well disposed towards Indian shipping, whatever his approach to political questions might be. His Excellency had personal knowledge of the rudeness of B.I. officials to his Commerce Member and wanted to pull them up for it. In October 1932 Walchand met Sir Joseph Bhore, who advised him to try his best for a settlement with B.I. since the Government could never approve of any coastal reservation measure. Accordingly, Master met officials of the B.I. at Calcutta to fix an agenda for formal negotiations. These were conducted in March and June 1933, the intervening period being devoted to lengthy correspondence on the issues under discussion and on the points raised by each party. At the formal meeting, Scindias were represented by Walchand, H. P. Mody and Master, while the B.I. Company's spokesmen were Sir Philip Browne, G. R. Campbell and, in the last stages,

J. S. Henderson Despite the prolonged talks and correspondence, the fundamental differences between the two parties could not be reconciled. They related mainly to (1) restriction on tonnage which was sought to be imposed on Scindias alone, (2) their share in passenger trade, (3) freedom to Scindias to operate outside the waters covered by the agreement and (4) Scindias's quota of cargo lifted from Burma ports to India. The letters exchanged by the parties make revealing reading. In one of his Notes Sir Philip Browne observes "Reference was made to Scindia chairman's speeches, the Coastal Reservation Bill and expropriation of property and goodwill acquired by B I in three quarters of a century. If, however, you will only be content with an agreement forced on us by political pressure, I feel, and I make it clear to you, that such an agreement is liable to be modified by political changes as, for example, the separation of Burma, and we shall not feel obliged that we are under any moral obligation to you such as would be the case with a business agreement based on trade conditions and economic factors and honourably observed."

Fearing that the negotiations would lead nowhere unless B I were made to see reason, Walchand wrote a long letter to Sir Joseph Bhore on January 9, 1933, detailing the entire history of infructuous discussions with B I since 1928 and stating the fundamental differences which had proved irreconcilable. A few passages from the letter deserve reproduction. "I am really disappointed and not a little distressed that in spite of every endeavour I have made to arrive at a mutual understanding during the last five years, the B I is not prepared to look at the situation in the right perspective. You will realise how patiently we have tried to co-operate with them and to arrive at a mutual understanding by negotiations, but there is a limit to human patience and it seems that that limit has been reached."

Walchand concluded with an appeal to Bhore. "In view of the position that has been now reached, may I request you once again to be pleased to exercise your influence and authority as the Commerce Member of the Government of India? Further, in view of the recognised policy of the Government that they are particularly anxious to facilitate the growth and expansion of the coastal trade of India in so far as that trade is operated by Indian agencies through the instrumentality of Indian capital, may I request them to be pleased

to take every possible step to implement that policy and meet the situation which blocks the further progress of Indian shipping ?”

For once this appeal had the desired effect on the panjandrums of Delhi. Both parties were called to Delhi and as a result of further discussions under the aegis and with the good offices of Lord Willingdon and Sir Joseph Bhore, an agreement was at last hammered out. Unlike the 1923 Agreement this was a tripartite pact between B I, Asiatic and Scindias—the participants in the coastal trade—to be effective for seven years from April, 1933, to the end of 1939. The main terms of the new Agreement were

- (1) The cargo carried by the vessels of the three companies in the coasting trade of India, Burma and Ceylon was to be regulated and apportioned between them according to certain specified percentages. Thus a quota system was introduced
- (2) The Scindia Company was permitted to carry passengers on the Rangoon-Coromandal coast and the Rangoon-Chittagong runs
- (3) The total gross tonnage of the Scindia Company was raised to 100,000 G R T, that of Asiatic was to remain at 80,000 G R T, and that of B I was not to exceed 360,000 G R T
- (4) The rates of freight for the carriage of cargo and the scales of passenger fares to be jointly fixed in writing by the parties after mutual consultation and consent and none of the parties was to quote or charge rates less than the rates thus fixed
- (5) In the event of any dispute or difference the matter was to be decided by arbitration

The Scindia Company in addition had to agree to respect the P. & O Company's and B I's foreign (overseas) trade and not to compete with them in these services

This agreement was slightly better in some respects than the earlier one, but it could not be accused of excessive favour to the Indian company. The latter had to make the best of a bad job considering the prevailing slump in world trade and shipping and especially in view of the deep inroads which Japanese shipping was making in India's coastal trade. Walchand did not call it another "slavery bond" in so many terms, but he made his disappointment over it clear in his annual speech to the shareholders on October 14, ,

1933. "I must candidly confess", he said, "that while it has laid deeper the foundation of the vested interests of British shipping on the coast and given an opportunity to new British tonnage to ply thereon, it has not provided and is not likely to provide for even an adequate participation of Indian shipping and that, too, in the coastal trade of India which the Government themselves are anxious to see. The position as regards the overseas trade remains as it has been in the past i.e. practically a closed field to Indian shipping and I wonder how the Government propose to effectively translate into practice their oft expressed desire for providing an adequate participation of Indian shipping also in the overseas trade."

Incidentally, it may be noted that while this agreement was meant to end on December 31, 1939, it actually continued in operation for eleven years more until 1950 i.e. three years even after India became free. Thereafter, it scarcely need to be added, the entire coastal trade of India was reserved for national shipping.

Hardly had the Agreement got to a fair start, however, when, for some queer reason, one of its British signatories, the Asiatic Steam Navigation Company, decided to break away from the Conference and start a rate war. Though this was aimed mainly at B.I., it proved ruinous also for Scindias as the rate from Rangoon to Bombay steeply fell from Rs 14-8-0 a ton to Rs 1-8-0!

This development naturally brought a chuckle to Walchand and the Scindia people. The spectacle of the two British marauders falling out and fighting furiously between themselves, with Scindias a virtuous spectator was indeed too funny for words. The two companies would not even care to disclose to Scindias what the bone of contention between them was although the rate war was bringing ruin to the Indian company. Apart from inflicting loss on the partners to the agreement, it meant insecurity to the entire shipping industry.

Thanks to the timely and forceful intervention of Sir Joseph Bore, the rate war was ended in November 1934 and the Asiatic was brought back to the fold.

The rate war was ended, but it highlighted the predatory tendencies in the trade and its consequences were felt for many months afterwards.

Scindias did not allow grass to grow under their feet in availing themselves of the concessions in the tripartite agreement. Within

four months they started the Rangoon-Coromandal coast passenger service from September 15, 1933. Of the six new ships they had purchased to increase their tonnage to the permitted level, three were passenger ships. The "Jaladurga" was the first ship to berth on the service with a capacity of 3,280 passengers. Although the bulk of the passengers were Indian labourers travelling to and from their homes in India and Burma in search of employment, the Scindias tried their best to cater to their convenience and comfort. The chairman himself at times travelling incognito to ensure that the humble passengers were taken proper care of. Though there was an inevitable spirit of competition on this service between the B I and Scindias, which extended even to their advertisement on the whole, the joint service worked satisfactorily until the second world war put an end to it. It was never revived due to the changed postwar relations between India and Burma.

Taking The Bull By Horns

FROM THEIR very inception Scindias had claimed that they were a national enterprise concerned not only with their own interests but with those of Indian shipping as a whole. In all their representations to the Government and the crusades conducted in the legislature, they never lost sight of this role. They took the lead in forming the Indian National Steamship Owners' Association as early as 1930 to promote the growth and development of Indian shipping on healthy lines. If today it has become the acknowledged representative body of Indian shipping interests, it is because of the guidance of Walchand and Master for several years. The INSOA is incidentally the only organisation of shipowners in the world to be once headed by a woman—that honour going to Sumati Morarjee, a director of Scindias.

Scindias served as a good Samaritan to all Indian shipping companies, big or small, even though they happened to be their actual or potential rivals. This has been demonstrated more than once during the last fifty years, the first occasion arising in dramatic circumstances in 1933.

Walchand was then in Calcutta in connection with the negotiations over the 1923 Agreement. One night a visitor knocked on his hotel door. Obviously in an agitated state, he introduced himself as Abdool Barea Choudhury, founder and chairman, of the Bengal Burma Steam Navigation Company. It was running a passenger-cum-cargo service between Chittagong and Rangoon since 1928 despite the fierce competition of the B I. Choudhury explained to Walchand that unless the Scindias could come to his rescue, he could no longer resist the B I's onslaught. He wanted immediate financial help to the tune of a lakh of rupees as a first instalment to save his company, which had lost all its capital in the rate war forced on it, from passing into the hands of the B I the very next

day. That would be a humiliating blow not only to Choudhury personally, who had lost his all, but also to Indian shipping and even to the patriotic people of Bengal. This strange and sudden encounter put Walchand, who was considered a champion of national shipping, on his mettle. Always known for his quick decisions, he assured Choudhury that he would recommend to the Scindia Board to extend to him whatever help was necessary. A grateful Choudhury heaved a sigh of relief and returned home determined to keep the B I at bay. He turned down its offer of take-over and soon reached an honourable understanding with Scindias. They loaned the Bengal Burma a sum of Rs 350,000 to meet its liabilities and took over its managing agency so as to ensure its stability. Scindias thus acquired a partial interest in the carriage of passengers and mails between Chittagong and Burma ports and an exclusive passenger-cum-cargo service between Chittagong and Cox's Bazaar, apart from vindicating their reputation as a true friend of national shipping.

The second occasion arose in 1934 when four small Indian shipping companies plying between Karachi and Malabar ports were subjected to a rate war by their British rivals. They were the Eastern Steam Navigation Company, the Merchant Steam Navigation Company, the Malabar Steamship Company and the National Shipping Company. Although Scindias were a member of the Coastal Conference, they refused to join the rate war and, in fact, vigorously opposed it. The Scindia Chairman waited on the Viceroy, Lord Willingdon, with the members of the affected shipping companies and pleaded their case. He made a strong representation to the Commerce Member. He even went to London to urge upon B I to end the rate war and to refer the entire question of the trade on the West Coast of India to the arbitration of the Commerce Member, Sir Joseph Bhore. All these concerted efforts proved successful and after hearing all the parties in a conference in January 1935, Sir Joseph Bhore gave an award, which is called after his name. The Bhore Award not only saved these small companies from annihilation but secured for them 85 per cent of the trade between certain ports on the West Coast. This came as a welcome gift to them though Scindias had thereby to sacrifice an annual revenue of Rs 5 lakhs. It was a sacrifice which was made "willingly and proudly" thus enhancing its moral significance. The

Bhore Award also established a precedent of Government intervention in shipping disputes even though it was given as an arbitrator.

Another occasion to act as the good Samaritan to a weaker brother arose when the Indian Co-operative Navigation and Trading Company was in serious financial straits owing to the rate war forced on it by the Bombay Steam Navigation Company. The Indian Co-operative Company was formed in 1909 with a tiny fleet of three ships to serve the Konkan passenger trade. Despite its modest capacity, it was a popular swadeshi concern being known as the *Mazi Agboat Company* (My Steamboat Company) or *Sharewali Company* (Company based on shares). Though they were rivals, the Indian Co-operative and the Bombay Steam had established a sort of rapport until 1936 when another Company, the Ratnagar Steam Navigation Company, floated by Mafatlal Gagalbhai, made its appearance on the scene. Suddenly a rate war flared up among the three companies as the BSN cut its fares by almost 75 per cent. The BSN was strongly entrenched, while Ratnagar had sound financial backing. It was thus the Indian Co-operative, with its slender resources, which was hit most by the rate war. It approached Scindias for immediate help. True to their professions, Scindias extended the necessary credit to the Company and took it under their wing. Later, the Ratnagar Line also offered its managing agency to Scindias, who invested Rs 10 lakhs in its Preference capital. Uniformity was thus established in the management of these two concerns. While this action was actuated by disinterested motives, allegations were made by the BSN that Scindias were following the very policy of swallowing smaller companies which they had accused the P.&O. & B I of doing.

Criticism was understandable when it came from the BSN, whose interests were likely to be affected by Scindias's prompt action. But it was amazing that a high Government of India official like Sir Hugh Dow, Secretary of the Commerce Department, should join in such mud-slinging. "In this rate war", he said, "you have one Indian Company less powerful than the other, and a powerful company coming to its assistance, taking the smaller Indian company under its protection rather in the way perhaps that Herr Hitler has taken Czechoslovakia under his protection."

Not content with mere criticism, the chairman of the BSN alleged that the Indian Co-operative had spurned the financial help

offered by him. A prompt refutation of this bogus claim was made by a Director of the Indian Co-operative. He said that Mr Lowndes, the B.S.N. Chairman, had sent for him and told him in effect to "sell one of your ships to B.S.N.", to "get out of the Bombay-Panjam run" and to restrict the Indian Co-operative to the Jarad line as a condition precedent of help. "No self-respecting company of the standing of the Indian Co-operative", continued the Director, "could even look at the humiliating offer of the Bombay Steam, which would have meant almost annihilation of my company from the Konkan trade. One can only say to Mr Lowndes: 'Save me from my friends'."

Walchand also issued a dignified statement denying the charge and said he had to go to the help of the Indian Co-operative to maintain its independent existence only after all other alternative proposals had fallen through. He amplified the statement in his annual speech to the shareholders on November 18, 1937.

"Indian shipping is in its early stages of growth and vitality. It has to struggle against the strangling competition of powerful non-Indian rivals not only for expansion in its home waters, but even for its very existence. The wiping out of any Indian shipping venture or its absorption by non-Indians has always been and will always be a serious menace to the development of an Indian merchant navy. It is therefore enlightened self-interest—if not true service—to stand by an Indian shipping concern and prevent it from falling under the axe of the outsiders. It is these broad considerations which have guided hitherto the policy of the Scindia Company in its relation to the other Indian shipping companies on the coast. I am sure that you will agree with me that it is the only sound policy which can give true national shipping the strength it needs to live and grow in spite of the deadly onslaughts of powerful outsiders and without even the semblance of support from the government of the country."

Discretion was not the better part of the valour of the Bombay Steam Navigation Company. It seemed to be bent on launching an all-out rate war on the Konkan coast. Ostensibly an Indian company with a majority of Indian shareholders, it was managed by Killick Nixon and Company, a leading British Managing Agency firm which also represented several other British shipping companies, textile mills etc. The B.S.N. had a heavy and chequered history. It was founded in Bombay in 1845 as a joint Indo-British enterprise,

In the nine decades since then it had undergone several vicissitudes and passed through four distinct phases. Its latest *Avatar* began in 1906 when its last Indian proprietor sold his interest to Killick Nixon. It was then reorganised as a joint stock company with a capital of Rs. 55 lakhs and assumed its original name—the Bombay Steam Navigation Company Ltd. In the thirty years since then, the B S N. had made considerable progress and enjoyed on the west coast a position analogous to that of the B.I.'s on the east coast. It spread its tentacles even into the interior by the ingenious system of through booking of cargo by rail and sea, thanks to the co-operation of the railways, which then were controlled by the British.

The through booking system enabled a shipper to book his freight from any interior town (connected by railway to coastal ports) under a single Bill of Lading, without having to consign his goods to any third party. The B S N. also provided another Bill of Lading for the carriage of cargo from any coastal port between Karachi and Mangalore, though such a port might not be a port of call for international liners, to any port in the world. These two facilities were helpful to shippers in promoting their domestic as well as overseas trade. The B S N. had also a workshop at Mazagaon with a patent slipway for dry-docking and repairing coastal vessels. When the B S N. was finally merged with Scindias in 1953, the workshop was taken over by them and is conducted as a subsidiary "The Scindia Workshop Ltd."

The B S N.'s rate war, which was originally directed towards its two petty competitors, was intensified when Scindias gave protection to the latter. To checkmate the new powerful rival, the B S N. threatened to open a new front against it by entering the Burma rice trade, which was the main stronghold of Scindias. It sent its representatives to Rangoon to canvas business by offering shippers a regular cargo service. To render a colorable legality to this move and to secure freedom of action to protect its interests more effectively as and when necessary, the B S N. terminated its agreement with the B I. It called upon the alleged beneficiary of the agreement—the Scindias—to resolve the Konkan rate war under threat of entering the Burma rice trade at the end of 1939. The B S N. also started a propaganda with the claim that it, too, was as much a swadeshi company as the Scindias or the Indian Co-operative. Were not Indians among its founders, way back in 1845? Were

there no Indian Directors on its Board ? Were there no Indian shareholders on its register ? And, above all, had it not almost a century-old record of service to the west coast, which it had opened by its own pioneering efforts and sacrifices, thus conferring immense benefits on the long hinterland

Walchand observed in the annual chairman's speech on November 8, 1938 "The Bombay Steam spared no efforts to harm the interests of the Scindia Company by active arrangements to attack it in its Burma trade With your continued goodwill and with the active support of the shippers we shall be able to protect the interests of the Company in the Burma trade which it has built up with great sacrifices all these years I want you, however, to take a serious view of the fact that the European agents of this so-called national concern have retained the ethical standard of their race viz, 'pretensions for peace, but preparation for war' despite their profession of Indian domicile of over 80 years' standing"

It was a crafty move and a plausible claim The average man was not likely to know that the BSN's policies were as much anti-national as those of the BI, that its Indian Directors served merely as a front and that its control was wholly in the hands of their British colleagues The BSN chairman had come out openly against the Coastal Reservation Bill Scindias had therefore to educate and rouse public opinion as also to win the support of BSN's Indian shareholders before they could successfully meet its challenge The best way to call the bluff was to expose the alleged "swadeshi" character of the BSN. by getting a definition of swadeshi from Mahatma Gandhi himself

Accordingly, Shantikumar Morarjee, M A Master and G L Mehta called on Gandhiji at Sevagram in March 1938 and asked his opinion on three specific issues

- (I) Whether India had not the right to discriminate against foreigners for the protection of its own interests (In this connection, they reminded Gandhiji of his article on "The Giant and The Dwarf" reproduced earlier*)
- (II) What are true Indian or Swadeshi Companies since it had become the fashion for foreign companies to mislead the public by adding "(India)" to their names ?

*See pp 88-9

- (III) Could a foreign company call itself Indian only on the basis of having some Indians on its Board of Directors ?

Gandhiji replied to the above three queries as follows

- (I) "On this point I am glad you have reminded me of my article written in 1931 I still hold the same view and have no doubt that a free India will have the right to discriminate—if that word must be used against foreign interests—wherever Indian interests need it
- (II) "As regards the definition of a Swadeshi company I would say that only those concerns can be regarded as Swadeshi whose control, direction and management either by a managing director or by managing agents are in Indian hands I should have no objection to the use of foreign capital, or to the employment of foreign talent, when such are not available in India or when we need them, but only on condition that such capital and such talents are exclusively under the control, direction and management of Indians and are used in the interests of India

"But the use of foreign capital or talent is one thing and the dumping of foreign industrial concerns is totally another thing The concerns you have named cannot in the remotest sense of the term be called Swadeshi Rather than countenance these ventures, I would prefer the development of the industries in question to be delayed by a few years in order to permit national capital and enterprise to grow up and build such industries in future under the actual control, direction and management of Indians themselves

- (III) "Answer to this is contained in my answer to the second point "

The Scindia leaders then approached the Working Committee of the Indian National Congress for its authoritative opinion on this issue In its meeting at Calcutta in April 1938 at which Gandhiji was present, it passed a resolution on the subject of Swadeshi more or less incorporating Gandhiji's views expressed in the interview with Scindia leaders The resolution further added "The Congress has always opposed the new (1935) Constitution not only because it is a negation of political freedom but also because of the provisions described as safeguards against discrimination The Working Committee are of opinion that these provisions are not in the interests of India but are intended and calculated to preserve to foreign

nationals, and particularly British capitalists, the exploitation of the natural wealth and resources of the country. The Working Committee maintain that India has the right to discriminate, if that word must be used, against non-national interests, whenever and wherever the interests of India demand or require it."

Having thus spiked the guns of the B S N on the Swadeshi propaganda front, Scindias opened negotiations with the B S N, to end the rate war. The B S N's offer of 36 per cent of the Konkan trade to the Indian Co-operative and Ratnagar *together* was not worth consideration and Scindias were wondering how to bring B S N. to reason, when an inquiry was received from the Government of India whether the Indian Co-operative and Ratnagar would agree to refer all questions in dispute to arbitration (The suggestion of another "Bhore Award" had probably emanated from the B S N itself). A similar inquiry was addressed by the Government to Scindias also but they declared that they had no *locus standi* in the dispute since none of their ships operated on the Konkan trade. Scindias pointed out that the P & O was never made a party to any dispute in which the B I was involved although it held almost all the equity capital of B I and was in complete control of it. The other two Indian concerns, however, readily agreed to the principle of arbitration and named Sardar Patel as their nominee. They also suggested that the terms of reference should include the allocation of tonnage in the Konkan trade and the means to evolve a uniformity of management on that trade so as to end once for all the threat of a rate war.

The B S N was not only not agreeable to these terms of reference but even to any arbitration between itself and the two other companies only. It made the fantastic demand that all the 12 shipping companies engaged in the coastal trade of India should be invited to arbitration. It also requested an authoritative interpretation of the Bhore Award. It further asked for an "independent tribunal" to consider the totality of interests of all shipping companies in the various services and the imposition of restriction on further acquisition of any interest. Negotiations for an arbitration continued throughout 1938 with the B S N adopting a non-committal attitude although the initiative for it had originally come from it. Walchand therefore decided to take the bull by the horns by acquiring a controlling interest in the B S N.

Scindias had already a holding of Rs five lakhs in the capital of the B.S.N

In May 1939 an open appeal was made to B.S.N shareholders to sell their shares to Scindias at Rs 300 per share. The response was heartening. With the acquisition of 7,543 Equity shares and 1,595 Preference shares, the controlling interests of the Bombay Steam passed into the hands of Scindias.

In his annual address in November 1938 Walchand assured the B.S.N shareholders "We have never meant nor mean any harm or injury to your interests. On the contrary, it is our intention to give the Bombay Steam a healthy momentum so that it may come out of its static condition of the last 30 years and more and strengthen itself and expand its activities in the interests of its shareholders and for advancing the cause of national shipping.

I need not add that the management and executive of your company have carefully considered how the activities of the Bombay Steam may be increased and how its further expansion can be ensured if your Company was asked to look after the affairs of that company. The nationalisation of national tonnage in India's coastal trade and its expansion in India's maritime trade can then be arranged on more scientific and economic lines. While the cause of national shipping can be further advanced, the participating Indian shipping companies as an integral part of that shipping are bound to prosper."

Through the good offices of Sir Purshottamdas Thakurdas, a director of the B.S.N negotiations were soon opened with Killick Nixon to transfer the managing agency of B.S.N to Scindias. The attitude of B.S.N shareholders soon compelled the Directors of Killick Nixon to agree to the transfer. In a special meeting of B.S.N on December 20, 1939, the shareholders resolved to transfer its managing agency from Killick Nixon to Scindias. Thereafter they controlled all the three companies catering to the Konkan trade. The problem of their respective shares in the trade was referred to the arbitration of Sir Purshottamdas Thakurdas and G. D. Birla, who allocated 55 per cent of the quota of the Konkan trade to B.S.N, 27 to the Indian Co-operative and the remaining 18 per cent to Ratnagar. The traffic in the Bombay Harbour was to be equally shared by the first two companies. As this award could not be satisfactorily translated into practice, a pooling arrange-

ment was introduced in the following ratio : four steamers for B S N , two for Indian Co-operatives and one for Ratnagar. This arrangement continued until, one by one, all these companies disappeared from the scene, the last to do so being the B.S.N

The story of the takeover of the B S N by Scindias will not be complete without a mention of the part played by Sardar Patel in it. It would not have had such a happy and relatively speedy ending had not the Sardar thrown "his weight decisively in favour of the Scindia Company" In the words of Asoka Mehta, the Sardar "favoured Walchand, who fought British interests, as against Sir Purshottamdas Thakurdas who collaborated with them In shipping at least, for nationalist India, the middle of the road had no meaning"

In Service of Pilgrims

A PILGRIMAGE To Mecca and Medina is a sacred obligation on every Muslim and from the earliest times Muslims have undertaken the hazardous visit to the Hedjaz. During the Moghul rule ships were always kept ready at Surat to carry pilgrims free to Mecca. Steamships took over this traffic from sailing vessels in 1877 with the establishment of the Bombay Persia Steam Navigation Company by a group of Muslim businessmen of Bombay. Probably because the founders of this line hailed from Persia and were called "Moguls", the new company came to be known as "the Mogul Line". This became its official name in 1913 when this company passed into the hands of the British Managing firm of Turner Morrison & Co. Ltd. The Mogul Line which catered mainly for the Haj traffic soon came under almost complete control of the Asiatic Steam Navigation Company. As was the usual practice with British shipping companies, the Mogul Line soon established a monopoly on the Haj traffic by all means, fair and foul. Its rivals—there were not a few—were forced to go out of business by a rate war and, at least in one instance, by a clear breach of faith.

The Haj traffic was seasonal and depended on the agricultural conditions in the country—the bulk of pilgrims being drawn from the poorer classes. Owing to the lack of even potential competition, the Mogul Lines treated its customers with scant courtesy. Even their minimum requirements were haughtily ignored and the pilgrims were often herded like cattle on the decks of Mogul ships. The company managed to set at naught even the official regulations which were in force from 1887 to regulate the Haj traffic. The pilgrims were too poor and illiterate to raise a concerted protest against their unsympathetic and harsh treatment by the company. They also considered it a duty as devout Muslims to refrain from complaining against the hardships they suffered. "The more a

pilgrim suffered, the more the merits of the pilgrimage", was the common belief in those days. Even the three Port Haj Committees at Bombay, Karachi and Calcutta, from where alone pilgrims were allowed to sail, were scarcely able to redress their grievances.

Nevertheless, representative Muslim organisations took what steps they could to improve the lot of pilgrims, whose grievances were forcefully ventilated before the Haj Inquiry Committee appointed in 1929. Among the recommendations of the Inquiry Committee was one favouring the continuation of Calcutta as a Haj port despite the Mogul Line's pleas to the contrary, on the ground of paucity of traffic. Acting upon this recommendation, the Government of India declared Calcutta a permanent port for Haj traffic in 1931. Apart from its failure to implement the other recommendations of the Committee, the Mogul Line even evaded the directive of the Government by the infrequent and irregular berthing of its ships at Calcutta.

It was, therefore, understandable why Muslim leaders and organisations should frequently urge Scindias to open a regular service to Hedjaz. After all, Scindias alone were strong enough to stand to the competition of the Mogul Line, which had succeeded in sending all its rivals to the bottom of the sea. This request was buttressed by the informal assurance given by Sir Jagdish Prasad, Member of the Viceroy's Council in charge of the Department of Education, Health and Lands (which also included Haj Traffic), and his secretary M. S. A. Hydari in 1936 that the Government would extend the necessary help to Scindias should they enter the Haj trade. On their part, Scindias were exploring the possibilities of entering the overseas trade since the Tripartite Agreement of 1933. Their original plan was to enter the India-Europe passenger trade and, for that purpose, they even registered a new joint stock company—The Hind Lines Ltd—in 1936 with an authorised capital of Rs 10 crores. Scindias were to act as its Managing Agents. This ambitious plan, however, could be fulfilled only if the Government would help it by a 10-year guarantee of interest at 3 per cent per annum on the capital invested in the new company, as requested. There were several precedents for such help in India, Britain and other countries. For instance, the construction of the railway network in India in the latter half of 'the

nineteenth century was facilitated by such a guarantee in addition to the other help extended by the Government to British entrepreneurs.

The Government of India having expressed their unwillingness to help the new company, Scindias thought it advisable to make a modest entry into overseas trade by opening a Haj service for which they had received frequent requests. The popular demand was there as also the assurance of Muslim backing, but prudence demanded a careful assessment of the situation and a cautious move. First, Scindias had to make sure of the Government's sympathy and help by convincing them of the hollowness of the Mogul Line's plea of uneconomic working of the Haj traffic. This plea was made only to justify its failure to attend even to the minimum requirements of pilgrims as also its unwillingness to berth its ships at Calcutta. After a thorough scrutiny of the Mogul Line's working, Walchand wrote to Hydari on August 6, 1936

"I beg to send herewith a summary of the balance sheet of the Bombay and Persia Steam Navigation Co Ltd, for the year ended 31st December 1935. From this you will find that on a paid-up capital of Rs 8,43,250, this company has been able to build a fleet of seven steamers which has cost the company Rs 1,04,00,000 and have in addition a net surplus of about Rs 33 lakhs. Even if you take the steamers at their depreciated value of Rs 56 lakhs, in case of liquidation for each share of Rs 25, a dividend of Rs 266 can be distributed. This is, of course, all out of the losses made on every Haj voyage."

No more glaring light could be shed on the manner in which the Mogul Line—and other British shipping lines—used to exploit their monopoly. Hydari was impressed by these figures and so was his chief, Sir Jagdish Prasad. But it is one thing to express sympathy and another to translate it into action. That the Government were not inclined to extend a positive help to Scindias became promptly evident when the company asked the Government (1) "to be allowed to berth a pilgrim ship from Calcutta in place of Messrs Turner Morison & Co, who have all along been unwilling to do so and (2) that Scindias should not be allowed to suffer from a rate war. In keeping with their unhelpful attitude towards national venture, the Government of India responded to this reasonable request through a Deputy Secretary as follows

"As regards (1) I am to say that the Government of India are in no circumstances prepared to consider the granting of a monopoly of the pilgrim traffic from Calcutta to any firm and that they would, on the contrary, welcome the advent of competition into this trade

"As regards (2) while the Government of India are well aware of the harmful effects of rate wars, they must themselves remain the judges in any particular circumstances of whether the state of competition between rival shipping companies constitutes a rate war which calls for their attention'

Scindias were not discouraged by this cold response, which was true to type. Confident of public cooperation and support they entered the Hedjaz trade in 1937. They purchased from the Bengal-Burma Steam Navigation Co., the s.s. "Englestan, which had formerly served in the pilgrim trade and had carried the Holy Carpet for the Kaaba in 1928, and reconditioned it. They christened a new ship built for them by Barday, Curle and Company as "El Madina'. Another ship, built by Lithgows to the specific requirements of the pilgrim trade and named "El Hind, was later added to the Haj Line. Apart from assuring the essential amenities to pilgrims such as sufficient space, electric fans, wash-rooms, water supply, sanitation, good food and cooking facilities and last, but not least, facilities for offering prayers in congregation, these ships carried a special Muslim officer to attend to their convenience and comfort.

Scindias also provided a free rest house for poor pilgrims at Jeddah and a tent with free supply of drinking water (which is scarce in that region) at Arafat and Meena during the Haj. The first Scindia Haj line ship to sail was the s.s. "Englestan' from Calcutta on December 27, 1937. The s.s. "El Madina' followed suit from Bombay on January 3, 1938. In the very first 1937-38 season, Scindia ships carried a complement of 3,175 pilgrims to Jeddah, being less than one-sixth of the total number. This figure was improved in the next season (when s.s. "El Hind" was in operation) to about one-fifth. The "El Madina' captured the Blue Riband of Haj pilgrim traffic by completing her voyage from Bombay to Jeddah in about seven days and Karachi to Jeddah in even less time.

As was usual with Scindias, the christening ceremonies of "El Madina" and "El Hind" were done with a fanfare as such.

occasions always provided good publicity for the company and the Indian shipping industry as a whole. While christening the "El Madina", Sir Feroz Khan Noon, then High Commissioner for India in the U.K. stressed the need and value of Indian shipping. Sir Abdul Qadir, Member of the India Council, spoke in similar terms while naming the "El Hind". The Imam of Woking Mosque, London, was present on both occasions to offer prayers.

Scindias's Haj Line was heartily welcomed and appreciated by Muslim leaders, *ulemas* and organisations apart from the pilgrims themselves. The Aga Khan was among the first to visit "El Madina" and to express his satisfaction on December 30, 1937. "Delighted to have seen this model pilgrim ship," he wrote in the Visitors' Book. "It is a symbol of Hindu-Muslim unity that a company such as the Scindia Steam Navigation Company should have launched such a fine boat for such a purpose." Hazrat Khwaja Hassan Nizami of Delhi wrote "I hope that every right-thinking pilgrim will travel by the 'El Madina' and that the Scindia Steam Navigation Company will very soon get more ships like 'El Madina'." Hazrat Pir Syed Jama'at Ali Shah of Alipur admitted "The comforts and facilities that I enjoyed on board the 'El Madina' were something which I had not experienced before."

Scindias requested the members of the Working Committee of the Indian National Congress also to pay a visit to the ship. They were greatly pleased by what they saw and Jawaharlal Nehru wrote on their behalf "The ship appears smart, clean and probably it is considerably better than the average pilgrim ship. I hope that this will make it easier for the Haj pilgrims to make their journey in comfort."

It was not to be expected that the Mogul Line would remain a silent spectator of the entry of Scindias in its preserve and of the growing patronage it received from the pilgrims. It at once resorted to its time-honoured tactics and brought down its fare from Karachi to Jeddah from Rs. 172 to Rs. 20¹. It was such an uneconomic rate that the company had actually to spend Rs. 27 from its own coffers on every passenger for his food¹. The Mogul Line even tried to win Muslim support in its favour through the Jamiat-ul-ulema, which unceremoniously rebuffed the approach. Scindia's protest against this rate war went unheeded although they were supported by ten leading Muslim members of the Legislative Assembly, who tabled a

resolution requesting the Government to end the rate war. When Master called upon Sir Hugh Dow, Secretary of the Commerce Department, in this connection, that worthy man actually had the cheek to advise Scindias to get out of the limited Haj traffic. The argument of Master that the pilgrim traffic had increased by seven thousand passengers within a year and Scindias were in it only in response to the public demand made no impression on Dow. However, Sir Zafrulla Khan, the Commerce Member, had to bow to the pressure brought by his co-religionists in the legislature and fixed the Karachi-Jeddah fare at Rs 115. This was hardly an economic rate but Scindias agreed to it in deference to Muslim demand. The Mogul Line also ostensibly accepted it, but had no compunction in continuing the rate war as expediency dictated. It brought it down to Rs 80 one day, suddenly increasing it to Rs 140 the very next day after the Scindia ship had departed.¹

Walchand decided to end this Mogul Line's mischief once for all by registering a new company called the Haj Line Ltd, as a public limited company with a capital of Rs 5 crores. His idea was that the company should be constituted primarily by Muslim shareholders and directors, though managed by Scindias. Before registering the company, he had secured for it the sympathy of influential Muslim leaders like M. A. Jinnah and the Aga Khan. Indeed, there is reason to believe that the impulse for forming the company came from Jinnah. The Aga Khan supported it cordially and issued a statement which noted in the concluding paragraph: "I welcome wholeheartedly the decision of this new company to give an opportunity to my co-religionists to share to as great an extent as possible in the capital and the directorate of Haj Line Ltd, and I am happy to observe that such joint enterprise will considerably help India in protecting and furthering her own national economic interests. I, therefore, warmly commend my countrymen to help this national enterprise and appeal to my co-religionists to extend to it their continuous patronage so that India's first endeavour to participate in its overseas trade may become a real success."

The Aga Khan went to the extent of assuring Walchand that he would try to gain the backing of Sir Neville Chamberlain, the British Prime Minister, for the scheme. Muslim rulers also promised to extend their patronage to the new company. Sir Akbar Hydari, on behalf of the H. E. H. the Nizam, agreed to purchase shares.

worth Rs 5 lakhs of the new company. When this spade-work was over, Walchand consulted Jinnah and called a meeting of leading Muslims from all over India on January 26, 1939, to explain his scheme and to canvass their support. The meeting welcomed Scindias's proposal and promised it full support. The scheme was progressing satisfactorily but before the new company could start operations, the second world war began. Prospective principal shareholders like the Nizam withdrew their promised support and the scheme had to be eventually abandoned owing to war conditions.

On October 29, 1938, the Commerce Department of the Government of India announced that the Mogul Line and the Scindias had agreed to charge the minimum rate of Rs 121 as the return deck passage fare for a pilgrim from Bombay to Jeddah. On November 8, the chairman of the Mogul Line gave a voluntary assurance to the Muslim public that it had no intention of increasing the existing scale of fares, even if there was no competition. Within a month, however, for some curious reason, the Mogul Line terminated the rate war agreement and once again resumed its unscrupulous tactics to restore its supremacy in the Haj trade. Master and G. L. Mehta visited Delhi to urge upon the Commerce Department to intervene in the matter. While the issue was under consideration, war broke out on September 3, 1939, and the pilgrim service to Jeddah was stopped altogether. After some time, in response to Muslim demands, the Government allowed the reopening of the service. The Government, however, allotted 75 per cent of the Haj traffic to the Mogul Line and only 25 per cent to Scindias. Although this showed a semblance of justice, as the ratio more or less reflected the actual position prevailing then, it was grossly unfair to Scindias as they were confident of capturing at least 33 per cent of the traffic with three new ships on the line. No increase in the fare in view of the war conditions was allowed and, on the other hand, Scindias were misrepresented as asking for an increase, while Mogul were said to be ready to stick to the previously agreed rates. As a protest against this unfair treatment, Scindias decided to suspend its Haj service during the 1939-40 season.

During the following Haj season, the Government went a step further. On the pretext of the war situation, they decided not to allot any quotas but to establish official control over the traffic. They

asked Scindias to agree in advance to the above conditions without any information of the tonnage to be put on the pilgrim traffic. This was a strange course to adopt for, if the war situation really justified a blanket control, the Government of India should have requisitioned the necessary ships and run the Haj service themselves. What they constructively did was to drive Scindias out of the field under the threat of an unspecified control. The Mogul Line once again reaped the harvest of the traffic and also of official favour. More important, it has regained its monopoly! In a gracious mood His Majesty's Government and the Government of India decided on October 11, 1940, "to meet a considerable part of the extra cost of voyages resulting from war conditions." Therefore, said the communique, "it has been possible to keep the fares to be charged to the pilgrims at a level much lower than costs would justify." The so-called "lower fare" was fixed at Rs 195 for the return deck passage which was exactly Rs 74 more than what the Mogul Line had agreed to charge even if competition ceased. But this was not all. The Mogul Line made a further gain of Rs 7-10-0 per pilgrim owing to the reduction in the Jeddah sanitary dues payable by the shipping companies carrying pilgrims. Over and above this the Mogul Line was promised a subsidy which worked out at Rs 88 per passenger. It will be seen that the actual passage fare amounted to Rs 290-10-0—a rise of 140 per cent over the peace-time fare!

But this did not complete the picture. Apart from the increase in passenger fares, the Mogul Line was allowed to charge Rs 3-8-0 per bag carried by passengers as against the pre-war rate of Rs 1-4-0 per bag from Calcutta to Jeddah! This was virtually an addition to the subsidy which the company was already receiving on the ground of war conditions. This gross and unashamed bounty to a British company naturally provoked public comment. The *Indian Express* (Madras) wrote in its scathing indictment of this episode (December 19, 1940) "This is how the tax-payers pay. This is how the pilgrims suffer because no further convenience or amenities are given to them. And this is how the Mogul Line (which is practically owned by Britishers) retains its hold with the active help of the Government of India and makes hay while the sun is shining so bright in New Delhi, at the cost of Indian shipping."

Scindia House

For the first nineteen years of their life Scindias were without a permanent habitation or a home of their own. Beginning their life, at 46, Tamarind Lane, Fort, Bombay, the headquarters of Morarjee Goculdas and company, they led an itinerant existence until they settled down in their own premises at the end of 1938. Within a few months of birth, Scindias shifted to Ismail Building near Flora Fountain. After another three years they again moved to Sudama House (now known as Irwin House) at 31, Sprott Road, Ballard Estate. In 1931, another move was made to yet another Sudama House at Wittet Road (now forming part of Walchand Hirachand Marg) where it remained till their own imposing Scindia House was opened on December 23, 1938, 19 years after the Company's establishment and ten years after Narottam's death. Sudama House was an appropriate abode for the Company while it was struggling through its early existence, recalling as it did the hardships of the fabled Sudama, the bosom friend of Lord Krishna.

The need of a building of their own to cater to expanding activities was keenly felt by Scindias for some years and the Company was lucky to get a commanding site right on the waterfront from the Bombay Port Trust. Those who are familiar only with the bustling Ballard Estate of today, would require some imagination to learn that it was "a jungle of stones" in the early thirties. The foundation stone of Scindia House was laid by Bhulabhai Desai on November 5, 1936, and the building was ready in all its majestic simplicity within two years. Ironically, Scindia House is situated just near the headquarters of Mackinnon Mackenzie, Agents of P & O and B I, with whom Scindias had to wage a furious war in their early years for sheer survival. It is but poetic justice that Scindia House, with the later addition of two storeys in 1954, should tower over their erstwhile rivals' offices—actually as well as figuratively.

The inaugural function of the Scindia House on December 23, 1938, was a memorable occasion not only for the Company but also for Bombay's business community as a whole. Sardar Patel performed the formal opening ceremony with a symbolic gold key, while Bhulabhai Desai unveiled the bust of Narottam Morarjee, the founder of Scindias, as noted earlier. The organisers showed great imagination in arranging both functions simultaneously since the names of Narottam and Scindias are linked indissolubly. All the top men of commerce and industry in Bombay and prominent Congress leaders as also a sprinkling of representatives of Princely States were present on the occasion. Behind the central table, appropriately stood a statue of Mahatma Gandhi, than whom there was no greater benefactor of Scindias and Indian shipping generally. Numerous messages wishing success to Scindias were received from eminent personages from all parts of India headed by Gurudev Rabindranath Tagore, the Congress President Netaji Subhas Chandra Bose and Pandit Jawaharlal Nehru. There were also messages from the Hon'ble Dr. Ba Maw, Prime Minister of Burma, the Hon'ble Sir Baron Jayatilaka, Chief Minister of Ceylon, and H. E. Shekh Abdul Suleiman, Finance Minister of Saudi Arabia.

Netaji Bose said in his message "The Scindia Company is a national concern whose development and progress have been watched with sympathy and interest by the public of this country. Foreign shipping has entrenched itself in the coastal and foreign trade of this country and numerous Indian enterprises have been ruined by the competition of British vested interests. The Scindia Company has had therefore to fight at every stage and in a variety of ways, inch by inch, to gain even the little footing that it has got in India's own coastal trade. While felicitating its organisers and conductors on the success that it has so far achieved, I cannot help giving expression to my sense of acute dissatisfaction that even our own coastal trade is not yet in our own hands while we have hardly any share in the vast foreign trade of this country. In wishing all success to this premier Indian shipping company, I trust that it will continue to be inspired as hitherto by a national outlook and policy, for it is one of the active manifestations of the growing national spirit which pervades our economic no less than our political life."

Pandit Jawaharlal Nehru said in his message "For many years past I have watched with interest the struggle of national shipping

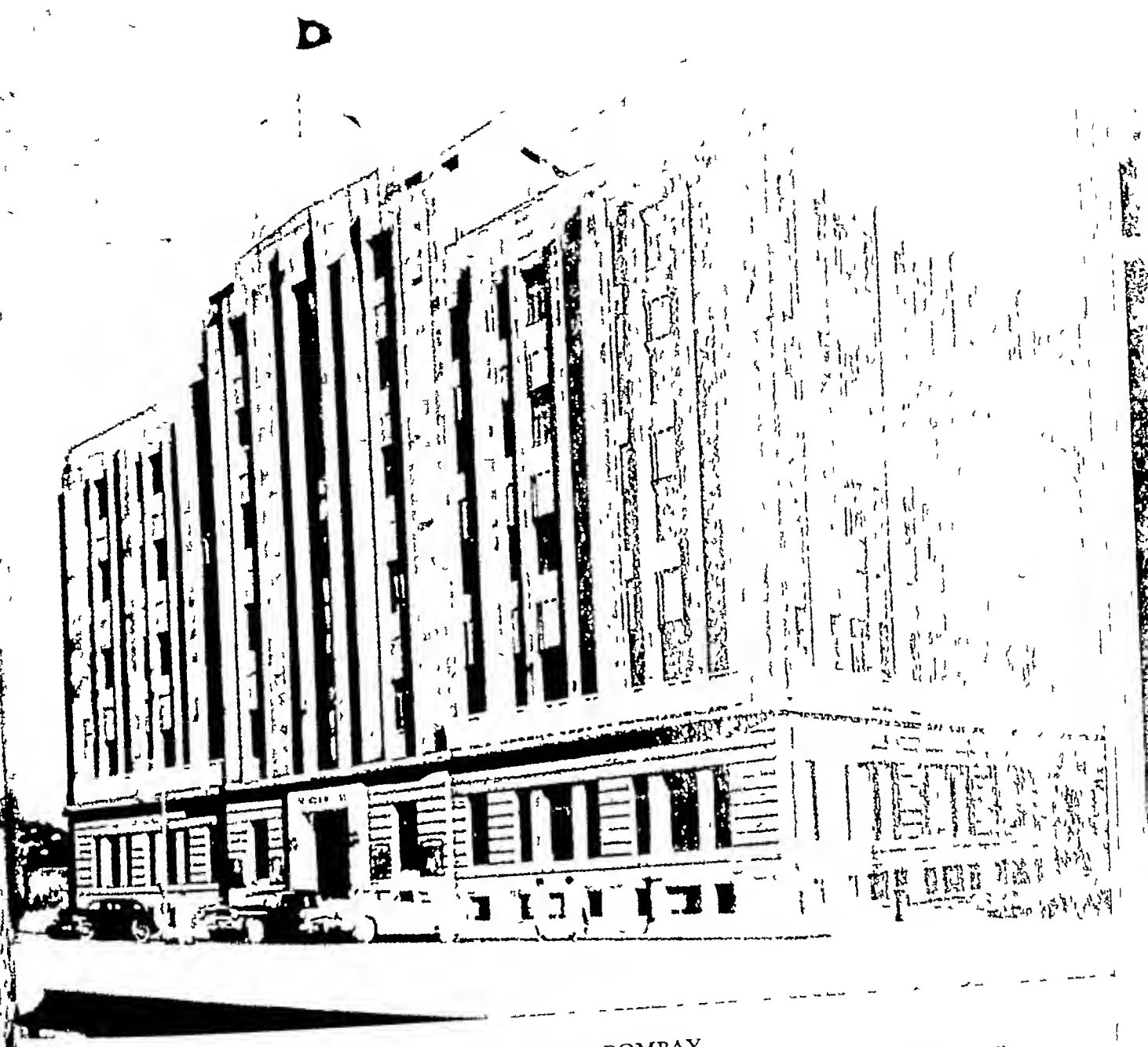


BHULABHAI DESAI LAYING THE FOUNDATION-STONE OF SCINDIA HOUSE
NOVEMBER 5, 1936



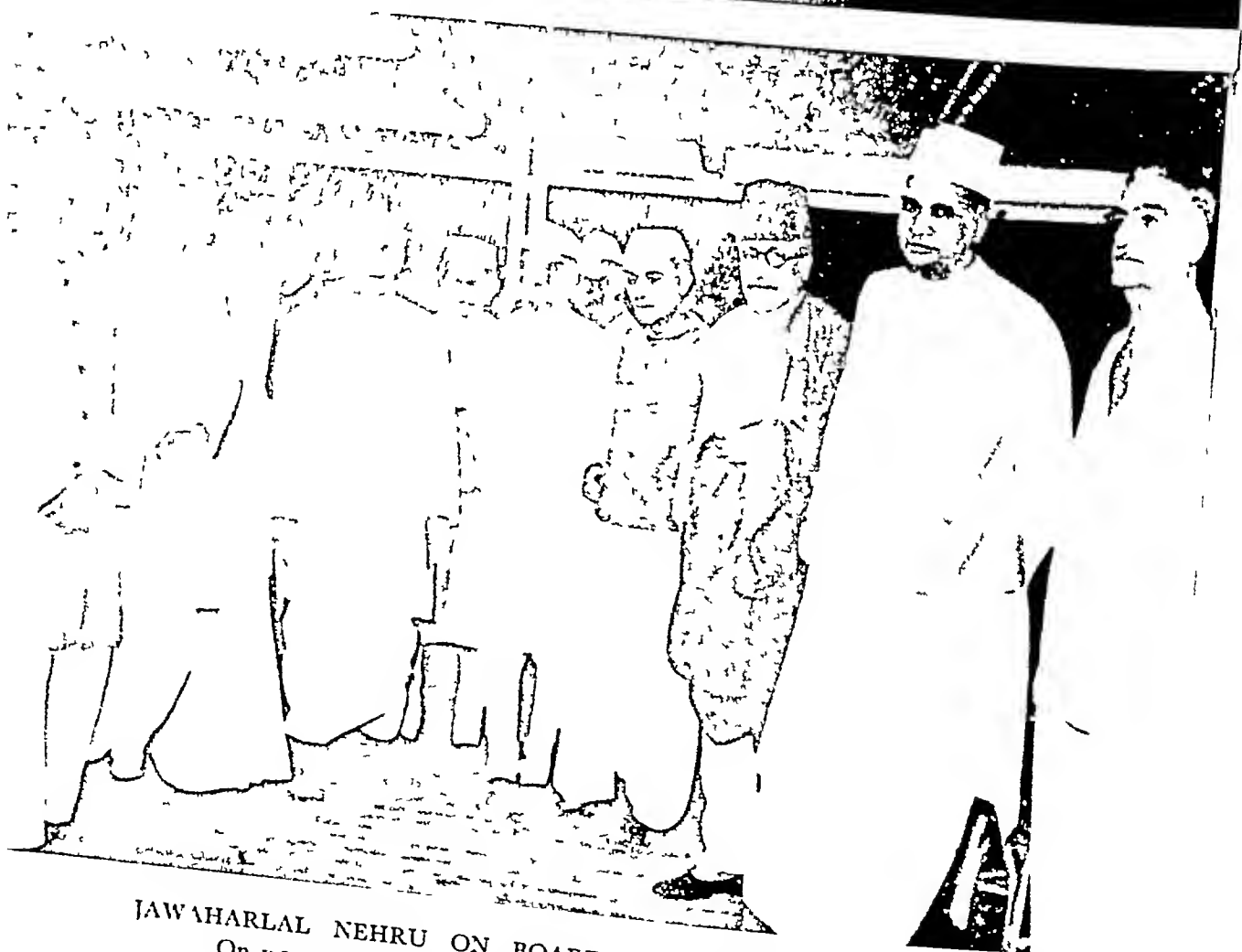
1949, THE HOTEL DECLARING SCINDIA HOUSE OPEN
 DECEMBER 1, 1949

THE HISTORY OF THE SCINDIA HOUSE will be written the future history of
 THE SCINDIA HOUSE



SCINDIA HOUSE, BOMBAY

"It is a magnificent edifice which you see before you as the symbol of national enterprise"



JAWAHARLAL NEHRU ON BOARD THE "ENGLESTAN"
On way to Burma by the Scindia ship, May, 1937

MEMBERS OF THE CONGRESS WORKING COMMITTEE ON BOARD THE
"EL MADINA", JANUARY 2, 1938

interests against powerful shipping companies aided by the British Government I had no doubt that if India had been a free country and in a position to control her own destiny, we would have developed long ago a national mercantile marine worthy of our country, whose ships would have ploughed the oceans of the world and been welcome visitors to its great ports But foreign vested interests have come in our way and a foreign government has obstructed our growth We have been in the past a great maritime nation and even today we have the talent, the trained men and the resources to build up great shipping services The Scindia Company has been a pioneer in this field and, in spite of opposition and obstruction, has made good It has deserved its success But this is only the beginning I am impatient to see Indian ships carrying the flag of India across distant seas to far away countries”

Gurudev's benediction was brief and gracious “I offer my best wishes for the continued prosperity of the Scindia Steam Navigation Company, which as the pioneer in the revival of Indian commercial shipping deserves the goodwill and sympathy of the whole country”

Among the other well-wishers were the Prime Ministers of Provinces (as the Chief Ministers and States were respectively known then), Rulers of Princely States and their Dewans all of whom joined the chorus of tributes to Scindias. A cable was also received from His Highness the Aga Khan

HEARTILY CONGRATULATE SCINDIA COMPANY ON GREAT SUCCESS YOUR PATRIOTIC ENTERPRISE YOUR SERVICES ALL SECTIONS INDIAN POPULATION AND PRAYERS TO ALMIGHTY FURTHER SUCCESS IN FUTURE

In welcoming the guests and requesting Sardar Vallabhbhai Patel to perform the opening ceremony, Walchand Hirachand, Chairman of Scindias, recapitulated at length the history of the company from its inception, the strains and stresses through which it had to pass, the unhelpful attitude of the government and the hostility it had to encounter from British shipping interests He reiterated the aims and ideals which had informed the Company from its very beginning, the responsibilities it shouldered as a national concern and its readiness to help weaker swadeshi companies Walchand continued “The task that we have set before us is really a hard one but with the continuous support of the country in the future as in the past and with faith in the justice of our cause, we hope to expand our

activities in various directions and thus contribute our share to the building up of an Indian Merchant Navy which will add to the greatness and glory of a free India of the future.' He then requested Sardar Vallabhbhai Patel to declare the Scindia House open in the following words "Scindia House stands before us today as the first triumphant expression of India's heroic struggle for realising its ideal for building up a national merchant marine and embodies her undying faith in its complete and glorious fulfilment. Its every stone reminds you of the romantic fights of Indian shipping and radiates the stimulating spirit of its invigorating nationalism."

After declaring the building open, Sardar Patel said: "It is a magnificent, large edifice which you see before you as the symbol of national enterprise of the last 20 years, on each and every stone of that building will be written the future history of Indian shipping. He then paid a tribute to the founders of the company, especially to Narottam and Walchand. He continued: "The Directors of the Scindia Company were told by foreigners that they were prepared to purchase the Company by paying premium of over a crore of rupees if they were willing to part with the concern. This is no new experience because Indians have also been told times without number that if they are prepared to sell this country, the foreigners were prepared to purchase it by paying whatever price they wanted. But owing to the spiritual strength and influence of Mahatmaji, a patriotic wave surged in this land and India is still not liquidated. In fact, the goal of freedom is not far off but is being speedily approached and can be seen by those who are at its helm. I trust that the Scindia Company which has suffered long and severely through the efforts to throttle it and annihilate it in a variety of ways, will derive some strength and consolation through the co-operation of people like ourselves who have also faced difficulties and suffered in similar struggles against foreign interests." The Sardar then referred to the safeguards in the 1935 Act: "Safeguards and restrictions have been provided in the new constitution so as to render possible in future as in the past the exploitation of India. These safeguards make the position even worse than before. Those who hope to rely on the broken reed of safeguards and guarantees, having exploited this country without let or hindrance, should now proceed and act with caution and circumspection."

"Whenever an Indian, whether Congress-minded or otherwise,

places his foot on board a ship and looks at the flag flying above him, he cannot help feeling humiliated and cannot but bend down his head at not seeing the flag of India over the vessel. We have now to see that this national flag of ours flies on our ships. Those foreigners who have hitherto earned fat profits at the expense of the company and bled India white to such an extent as to keep only the bones there, should now at least understand the position without delay. Those British shipping companies who are today exploiting India should remember and recognise that if the Scindia Company had had the advantage, strength, safeguards and other facilities which non-Indians have got in India and elsewhere, the flag of Indian shipping would have flown in all the countries and ports of the world, but it is India's misfortune that this is denied to Indian shipping."

The Sardar then delivered a warning

"The definition of Swadeshi by the Congress has not been done by any irresponsible people but has been written in golden letters in *Young India* by Mahatma Gandhi and will remain enshrined for ever. India does not desire to capture or control anyone else's coast but she certainly and legitimately desires to reserve and control its own coastal traffic for its own national shipping. But there are persons in India who are prepared to defend the interests of foreigners for the sake of a little monetary reward. But I wish to state plainly to all these and others that the domination of the foreigners is not going to run for any length of time, on the basis of safeguards. If the foreigners persist in this course, there is no power on earth which can prevent India from breaking these safeguards.

"It is necessary to remind you that on the steamers of the Scindia Company it is the Red Ensign and not the national flag that flies. When the national flag flies over those ships no one will come to take away our legitimate traffic. Today our control on our coast is only like that of catching fish. There is no other country in the world whose own coastal trade is mortgaged to foreigners.

"The paramount power says that they do not intervene in the internal affairs of others but I tell you that they have interfered everywhere and in everything. They have not permitted anyone to retain his freedom. The Congress, therefore, is determined to flush out these foreign vested interests from every nook and corner of this vast land and not leave them to enjoy their sway unchallenged."

The Sardar then referred to the difficulties encountered by Scindias

in running their Haj service "Immense stir was caused because the Scindia Company placed its steamers on the Haj pilgrim service. You ask our Muslim brethren what difficulties and hardships they experienced in their voyages to Jeddah before the Scindia Company entered this field, but as regards the difficulties which the Scindia Company itself experienced as soon as it came into this service, you had better ask its managers. The part played by the Government of India in this chapter is thoroughly discreditable, but even more discreditable is the fact that it is Indians themselves through whom Indian enterprises are being scotched.

"One noteworthy fact about the Scindia Company, which is worth taking pride in, is that its principal men are competent and work in a team spirit and are capable of undertaking any responsible work. This is what has made the Company what it is and I would, on behalf of you all congratulate the principal men in its staff for their service and achievement."

The Sardar proceeded

"There are several large States which are loyal to the Paramount Power, but as soon as the question of their maritime trade arises, the British Government does not attach the slightest value to their loyalty. The late Sir Prabhashankar Pattani spent his whole life in devotion to the British authorities, but towards the end of his life he had to fight till his death for the sake of the right of the port of Bhavnagar and suffered untold humiliation and insult during this fight. If the curse of a Brahmin could bring down an empire, his curses could do that because he had really been put in a most hapless condition. If we ask any Indian prince as to what are the maritime rights enjoyed by his State, he would hardly be able to state anything in reply but his representative might probably state that the only right enjoyed by them was the right of catching fish. Neither our States nor our communities are free. How unfortunate has become our mentality !

"The foreigners have taken away our freedom from every nook and corner of this land with the result that we now see our slavery. We believe that the white people have come to this country through the benevolence of a merciful Providence and British connection is due to divine dispensation. But these people have taken away our daily bread from our homes. Nevertheless, there are wiseacres who believe that if we had not the curse of this foreign rule we would

have had another But why ? Why can't we stand on our legs ? We do not want to quarrel with anyone or deprive anyone of his dues but if they do not understand their position in good time, we on our part are determined to settle all our past accounts with them "

The Sardar concluded his speech with blessings to the company and with the hope that "the flag of India will fly all over the world and that the Scindia's prestige and reputation will increase in the days to come "

Bhulabhai Desai thereafter unveiled the bust of Narottam His speech on the occasion has been already reproduced in an earlier chapter Scindia House officially became the registered office of the Scindia Steam Navigation Company on January 11, 1939 The memory of the other three founders of Scindia Company—Walchand Hirachand, Lalubhai Samaldas and Kilachand Devchand was later enshrined in their busts on the first, second and third floor landings respectively Walchand's bust carries a telling inscription in his own words "I desire to see Indian ships carrying India's maritime trade to the four quarters of the globe I am anxious to see that these ships are controlled by Indians as well as managed by Indians I want to see that these ships are fully manned by our own countrymen I yearn to see the Indian flag only, as a matter of right, in my own home waters I long for the day when I can take my own countrymen in super-Indian Victorias and in super-Indian "Normandes"^a to all parts of the world I dream of the time when I can see these ships built in Indian ship-building yards I am impatient to make Indian shipping the effective instrument of India's national economic policy and a powerful safeguard for the defence of its trade in times of peace Such a full-fledged Indian mercantile marine will hasten the dawn of the day when we shall find India attaining complete independence or Purna Swaraj for which you, I and all have been waiting anxiously and impatiently for all these years These are my dreams "

Most of these dreams, it needs hardly be added, have been fulfilled since independence Scindias have naturally played a leading role in their fulfilment

The bust of Kilachand Devchand carries the following tribute by Sir Purshottamdas Thakurdas • "Raj Ratna Rao Bahadur Seth

^aNames of foreign ships which were then in the public eye "Normande" had then won the blue riband of the Atlantic

Kilachand Devchand was an exceptional example of a self-made man of unparalleled industry, perseverance and commercial acumen of a high order, who made a success of whatever he put his hand to and developed. He believed in action and constructive work at every stage in his long and distinguished career."

Lalubhai Samaldas is commemorated as "One of the founders of the Scindia Steam Navigation Company, a member of the Indian Mercantile Marine Committee. The father of the co-operative movement in India. A distinguished member of the Provincial and Central Legislatures, who endeared himself to his countrymen by a rare combination of humanities and humility in daily walks of life."

Wartime Ordeals

THE TRIPARTITE Agreement of 1933 between B.I., Asiatic and Scindias was due to expire at the end of 1939 and negotiations for its revision began from the middle of the year. Scindias were bent upon gaining a substantial improvement in its terms with at least a 50 per cent share in the coastal trade and a substantial entry into the foreign trade. In his speech at the 21st annual meeting Walchand observed "The revision of the Tripartite Agreement is a question of supreme importance to all of us. It is now over 20 years since we are restricted only to the coastal trade of India, Burma and Ceylon. We cannot therefore, in the new agreement expect less than 50 per cent as our share in India's coastal and adjacent trades. National shipping has not been allowed to participate in India's overseas trade all these years. That shipping can no longer agree to keep out of the trades. It must have its legitimate share of those trades also."

These demands were entirely justified on merits and even the Imperial Shipping Committee in its 38th report (1939) had supported the cause of Indian shipping. The Indian Government was represented on the Committee by Sir Firoz Khan Noon, India's High Commissioner in London. Walchand Hirachand and D. S. Erulkar gave evidence before the Committee on behalf of the Federation of Indian Chambers of Commerce and the Scindia Company respectively. Referring to the need to meet effectively Japanese shipping competition in the Indian trade, the Committee noted "There must be created in a greater degree than exists today a genuine Indian interest in the mercantile marine of the Commonwealth. We hope that in the face of the well organised Japanese competition it will be recognised both by the Indian and the U.K. ship-owners that a new and larger spirit of co-operation is called for. On the one hand, the aspirations of India to enter

into the field of shipping operations are natural and should be fairly met in a co-operative spirit by the U.K. Lines India starts with a fine tradition of seaman-ship Her lascars and ships' officers are already being trained in the new school at Bombay On the other hand, in the management of shipping services U K shipping interests have great experience There will always be scope under the conditions of oceanic trade, growing with the increasing enterprise of the Orient, both for the Indian and the U K mercantile marine in the trade with India '

The Committee frankly stated that "several Indian Chambers of Commerce have, however, written to us expressing the view that the support of Indian trading interests for British ship-owners must be conditional upon action to encourage the development of Indian-owned mercantile marine" A special tribute was paid by the Committee to Scindias "The Scindia Company with its vigorous management, conscious of its position as the premier shipping company owned and controlled by British Indians is dissatisfied with its present share of the trade and wishes to free itself from the undertaking which it had given not to compete in overseas trade We attach great importance to an improvement in the relations between the U K and Indian owners of shipping engaged in Indian trades "

Even this authoritative endorsement of Scindias's claim failed to have any effect on the B I and it was no more responsive to their pleas for a fair revision than it was in 1933 The Government of India, on its part, adopted a *non-possumus* attitude Unlike other free nations and even the countries of the Commonwealth, India had no national shipping policy and, on the contrary, its scales were always weighted in favour of British shipping interests Scindias were therefore seriously considering the advisability of terminating their agreement with the B I and liberating themselves from the vestiges of "the slavery bond" when the whole situation changed by the outbreak of war on September 3, 1939. This eventuality was not unforeseen and only the Government of India were unprepared for it in no other field so much as in the sphere of shipping Not only had they not done anything to build a national maritime marine but, they also had refused to subscribe to the Empire Maritime Agreement Despite it, the Dominions looked upon their national shipping as distinct from British shipping and adopted

policies primarily suited to their own interests. Only India was bound by statutory safeguards, which inhibited the growth of its shipping and provided an alibi for the inaction of the Government. The lessons of the first world war were not lost on the countries which had any pretence to a share in foreign trade. They had utilised the previous 21 years since then in developing their own mercantile marine and acquiring sufficient tonnage to serve their maritime trades. The two decades since 1919 had recorded an enormous increase in the world tonnage, self-sufficiency being the motto of every country.

What was the position of India in world shipping in September 1939? As against the world tonnage of nearly 70 million G.R.T. and of Britain's of over 17 million tons G.R.T., India possessed barely 132,000 G.R.T. of shipping, with ten shipping companies owning 63 vessels. Of this the share of Scindias was 98,812 G.R.T. and together with its five associate companies, its total tonnage was 120,000 G.R.T. Scindias owned 23 ships, including five passenger ships operating in the Bay of Bengal. The B.S.N. owned 14 vessels of which six were cargo-cum-passenger and eight ferry ships. The Indian Co-operative and Ratnagar owned between them four ships. In the year ended June 30, 1939, Indian shipping companies lifted 2,019,735 tons of coastal cargo as against the 5,098,550 lifted by the non-Indian companies, the Indian share of the coastal trade thus working out to barely 40 per cent of the total trade, the share in the foreign trade being nil. This could be hardly called a satisfactory record, but even this modest achievement was primarily due to Scindias's pioneering efforts.

Conscious of the pusillanimity of the Government of India and the support of the British Government, the B.I., Asiatic and the Mogul Line welcomed the war as a golden opportunity to further buttress their unchallenged supremacy in Indian waters and India's foreign trade. The Mogul Line managed to ease out the Scindias from the Haj trade, and the B.I. and the Asiatic manoeuvred to knock it out of the coastal trade also. The Government of India had to surrender what little initiative and power it had to Whitehall under the exigencies of war. India's declaration of war on Germany without any reference to public opinion itself was the most glaring example of New Delhi's subservience. In November 1939, Sir George Campbell, head of a British shipping firm in India, was appointed

Controller of Shipping despite the protests of Indian shipping companies. Another Britisher was appointed as Adviser to the Commerce Member, reducing the latter to a cipher. Then there was another Britisher, the Flag Officer Commanding the Royal Indian Navy, who virtually became the Czar of Indian shipping. He ordered forthwith the Indian shipping companies to hand over 24 steamers under the Defence of India Rules. Only *one* of the seven British ships on the Indian register was requisitioned, the remaining operating their normal services.

Hundreds of sailings were given to British ships for commercial operations in the Indian trade, while Indian shipping interests were scrupulously excluded from this facility. Even their freedom to charter foreign ships was being withdrawn. The fantastic excuse for all this high-handed discrimination was that Indian-owned vessels were more suited for wartime needs! Not content with the control over movement of ships, even the freedom to fix freights and fares was taken away from Indian shipping companies. All these Draconian actions seriously dislocated trade, especially the Konkan trade and traffic which Scindias and their associate companies were trying to maintain at least on a skeleton basis.

In sharp contrast to this, the British Government so organised its shipping as to maintain the traffic between Liverpool and Ireland uninterruptedly despite the proximity of the enemy. Similarly, the British Ministry of War Transport placed at the disposal of British shipping companies as many vessels as it could and enabled them even to carry a far larger quantity of cargo than their normal quota would allow. Indian shipping companies, on the other hand, were debarred even from the normal trade. Scindias, for instance, were not allowed to lift even their quota of rice from the Burma ports. They made several representations to the Government of India requesting a fair distribution of coastal trade between British and Indian ships, failing which they would lose the goodwill and sympathy of shippers and eventually lose the trade which they had built up with much effort and sacrifice, but to no avail! The vital role that the mercantile marine plays in war as in peace was ignored by the authorities to the detriment of Indian shipping. Or rather, the pretext of war was seized by them to ensure a lion's share of India's coastal trade permanently to British shipping. That this was not a fanciful charge was evident from the fact that a number

of the ships requisitioned by the British Government were actually trading on the coast on behalf of the Government and not assisting in any apparent way the prosecution of war

A shipping conference was held in Simla on June 20, 1940, under the chairmanship of the Commerce Member, Sir Ramaswami Mudaliar. Bitter complaints were made at the conference by Indian shipping companies against the policy and methods of requisitioning ships. The Commerce Member was bluntly asked why the ships of the B I and the Asiatic were not utilised for meeting the requirements of defence and war instead of being allowed to run for commercial purposes to make money for His Majesty's Government. The requisitioning of ships on the Indian register when no British ships, already requisitioned, were available, for defence purposes could be understood. But it was objectionable to requisition ships on the Indian register for war purposes on the plea of equitable burdens when British ships were openly being run for commercial purposes.

Was it not an irony, Sir Ramaswami Mudaliar was asked, that an Indian Commerce Member, instead of espousing the cause of Indian shipping, was actually helping British shipping at the cost of Indian shipping? Sir Ramaswami had no answers to give to these straightforward questions. Or rather the answers were given by the British Shipping Controller and his (British) Shipping Adviser. The Indian shippers who were begging for bread were offered a stone. The conference decided to requisition all the ships of the Indian shipping companies—which meant the few that were left in their hands. Scindias, as the biggest Indian shipping company, were hit most by this rank injustice.

Wartime controls were not merely omnibus in scope but arbitrary in application since most of them did not extend to British ships. Not only was the movement of Indian ships controlled but also the nature and quantity of the cargo they carried and the freights they charged. An embargo was imposed on chartering ships and the shipping companies were compelled to take licences for the coastal trade. Having requisitioned Indian ships, the Government should have at least assured a fair compensation to the companies concerned. But the matter was left in the air for a long time which added to the anxiety of Indian shipping companies. Scindias made a reasonable plea that in respect of ships lost, they should be paid the amount

that would be needed for their replacement by ships of similar size and type; that in determining the fair and just rate of hire to be paid to the Company, due consideration should be paid to the maintenance of their organisation in Bombay and the various ports, to the diversion of trade that was taking place, amounting in some cases to complete loss, and the additional depreciation in view of the rough wartime use of the ships and high replacement costs

In short, Scindias asked that a rate of hire should be fixed as would cover all the economic burdens and disadvantages and various other contingent factors. It was pointed out that the parallel of the compensation given to British shipping companies would not apply to India in view of the weak conditions of their Indian counterparts. Not only was the British shipping industry powerfully placed with vast financial resources, but it was considered a national asset by H M G and, as such, assured of such aid as would enable it "to maintain itself in adequate strength and in a position of full competitive efficiency after the war". In India, on the other hand, the shipping companies had no such protection, patronage or even promises of adequate postwar support.

The representatives of Scindias and other Indian shipping companies waited in deputation on the Shipping Adviser and the Flag Officer Commanding the Royal Navy. When no redress was forthcoming, they appealed to the Commerce Member. Their letters dated September 7, 1940, and March 31, 1941, respectively failed to evoke any satisfactory response. The situation gradually deteriorated, Japan's entry into the war on December 8, 1941, bringing the hostilities to India's gates as it were. In the first two years of the war, Indian shipping companies had already lost a large part of their trade. The B S N, for example, which carried 340,000 tons of cargo on an average per year before the war could lift only 196,000 tons in 1940-41. Scindias's position in the rice trade of Burma was equally badly affected, as noted earlier. It worsened with the implementation of the Indo-Burma Immigration Agreement which was concluded without consulting public opinion in India and notwithstanding numerous protests. The decision of the Burmese Government in September 1941 to control the rice trade added one more threat to Indian interests. Master visited Rangoon to plead for a revision of the scheme and met with partial success.

The bombing of Rangoon early in 1942 created a panic and started an exodus. Scindias continued to send their steamers to Burmese ports and to lift as much cargo as was available but the continued advance of Japan in Malaya and Siam soon made the situation critical. With the order of evacuation in March 1942, Scindia steamers had to carry evacuees. The m. v. "Jalagopal" lifted over 3,000 evacuees from Akyab and over 3,700 from Kyaukpau while these ports were being bombed. Of the total number of 63,000 evacuees safely brought by Scindia steamers to India, over 10,000 were not only carried free but also fed at the Company's expense during their voyage. The Company's staff in Burma also rendered every other assistance possible to the evacuees despite the panicky conditions. With the complete occupation of Burma by Japan, Scindias's 20-year old association with Burma ceased. Before then the Company had lost three ships due to enemy bombing—the "Jalpalaka", the "Jalatarang" and the "Jalarajan".

The loss of the entire Burma trade and the Government's unsympathetic attitude in addition to the numerous wartime restrictions not only gave a setback to the Company's operations but also made the task of evolving an economic plan for future activities virtually impossible. Scindias had requested the Government to allow them to ply their steamers in the Red Sea and Persian Gulf and on the African coast. Permission, however, was granted for only one steamer on all these runs. Out of 19 ships of the Company, 14 were under requisition, three were taken by the Government on charter and only two were allowed as free ships. The effect of war on Scindias becomes evident from the fall in its trade and traffic during the first four years of war. While in 1939-40 the Company carried 250,000 tons of cargo and 148,000 passengers, the figures for 1942-43 were 129,000 tons and 45,000 passengers.

The severe diminution of trade and the increased cost of operations would have brought the company to a serious pass had it not been for the general rise in freight. As a sop, the Government allowed Scindias to make alternate sailings with the Mogul Line for the Haj traffic in the 1942-43 season. While Scindias were making a determined effort for overcoming wartime hurdles and difficulties, they were not unmindful of the larger problems of Indian shipping. Those were highlighted by the assurance of the British Government to its merchant navy which was "a vital national interest and will remain so in peace-

time as it is in the war" "This country", noted the British Government, "must continue to serve the world with a large and efficient mercantile marine. The word *must* is fundamental. It governs all the rest. It declares the general object of our policy which we are determined to achieve." As against this, the Indian Government had adopted an apathetic and supine policy towards its national shipping and was allowing its interests to be ground down during the war.

Referring to this anomalous position, the Scindia Directors' report for 1942-43 observed "Having regard to the (above-quoted) important policy statement of the British Government the Directors felt that it was imperative that the Government of India should lose no time in taking the public into their confidence and assure them that they would also look upon national shipping as a vital interest of India and a national asset of the country both in times of peace and in times of war. That alone will not be enough. In pursuance of the past promises and assurances, the Government should make it clear that it will be their responsibility and, their ceaseless endeavour, to see that a strong, vital and adequate national navy is built up without any delay, a merchant navy which would not only participate in the carriage of the just operation of India's maritime trades, but it will also secure its due share in the carriage of the world trade also.

"This will be the real criterion from which India will judge the national shipping policy of the Government of India. The first step in the implementation of such a national policy will be in the evolution of a new agreement in place of the existing tripartite agreement in a manner which should effectively embody all the fundamental principles of the shipping policy mentioned above."

The war transformed the entire pattern of India's foreign trade. It was almost impossible during the war years to procure the capital or consumer goods for which India depended mainly on Britain, the U S A , Germany and Japan. The last two were out of consideration altogether, being enemies. British industry was engaged almost entirely in war production so that hardly any plant produced civilian consumer goods. Although the U S A actually did not join the war until the end of 1941, its ideological involvement had begun much earlier and it was producing a considerable proportion of the munitions and other war materials for the Allies. Since December 1941 her entire productive capacity was oriented towards supplying the growing war needs of its own and of the Allies.

Civilian demand in countries like India, either for capital or consumer goods, remained unfulfilled and had to be cuibed This was the chief reason for the controls imposed on imports into and exports from India during the war years Controls grew in volume and scope as the war intensified The growing scarcity of shipping, especially after Germany launched its submarine warfare and Japan joined the war, further necessitated the tightening of controls While the import of goods was not possible, our traditional exports also had increasingly to come under control and diverted as extensively as possible to war purposes This proved a boon to Indian industry despite the soaring prices The aftermath of war threw up new difficulties for all countries The principal belligerents were occupied with the problems of reconstruction and rehabilitation, which proved a painful process especially for Britain which had borne the main brunt of war She had lost not only her foreign investments but also most of her "invisible exports" and was soon to lose her empire Soon after the end of the war, India was involved in communal troubles and political turmoil, but the postwar years also provided opportunities for political liberation and economic regeneration, which India was quick to grasp Indian shipping was soon to be released from its strangleholds and to enter an era of expansion

Scindias lost 8 (28,878 G R T) out of their 23 ships (98,812 G R T) during the war They also suffered heavy damage to four of their steamers, stores and property in the disastrous explosion in the Bombay docks on April 14, 1944 One of its ships indeed was lifted out of the waters landing plumb on the quay due to the terrific impact of the explosion Scindias had lost the entire Burma trade and their earnings had remained pegged round about Rs 23,50,000 during the war years Only in 1945 did they cross the Rs three crore mark For Scindias, as for Indian shipping, however, the worst days were over with the end of the war and they could look forward to the future with hope and confidence

Ships Ahoy

"SHIPS, MORE SHIPS and still more ships" was the cry of the belligerent nations during the war. They required ships for carrying their armies and the sinews of war to far-flung battle-fields. They also wanted ships to supply them with civilian goods. Especially a sea-grit nation like Britain depended on ships for its daily food. But where were the ships to maintain a constant flow of armaments and essential supplies ? Many of those which sailed forth were sunk by Nazi U-boats. As President Roosevelt noted at one critical moment, the losses by enemy action were three times as high as the capacity of British shipyards to replace and twice the combined British and American output of merchant ships. One would have thought that at such a time the Government would do everything in their power to revive the Indian ship-building industry which they had destroyed as a matter of policy during the course of a century.

Sir Herbert Fitzherbert, then commanding the Royal Indian Navy, declared that "the sooner a ship-building industry is started the better for India. Such an industry to be successful needs courage, enterprise and forethought." But the civilian Blimps who then ruled in Delhi thought otherwise. Sir Alan Lloyd, Secretary of the Commerce Department, curiously observed that the Government of India had decided "not to encourage actively the merchant ship-building industry in India as a part of their war effort!" Such a statement would seem to be incredible, were it not true. It was solemnly made by an all-powerful Departmental Secretary of the British Raj !

No wonder then that the "courage, enterprise and forethought" that Scindias had displayed from their very inception in starting an Indian shipyard continued to be stifled. Their founders had the foresight to realise that Indian shipping would have no future without a ship-building industry. Within a few months of 'the •

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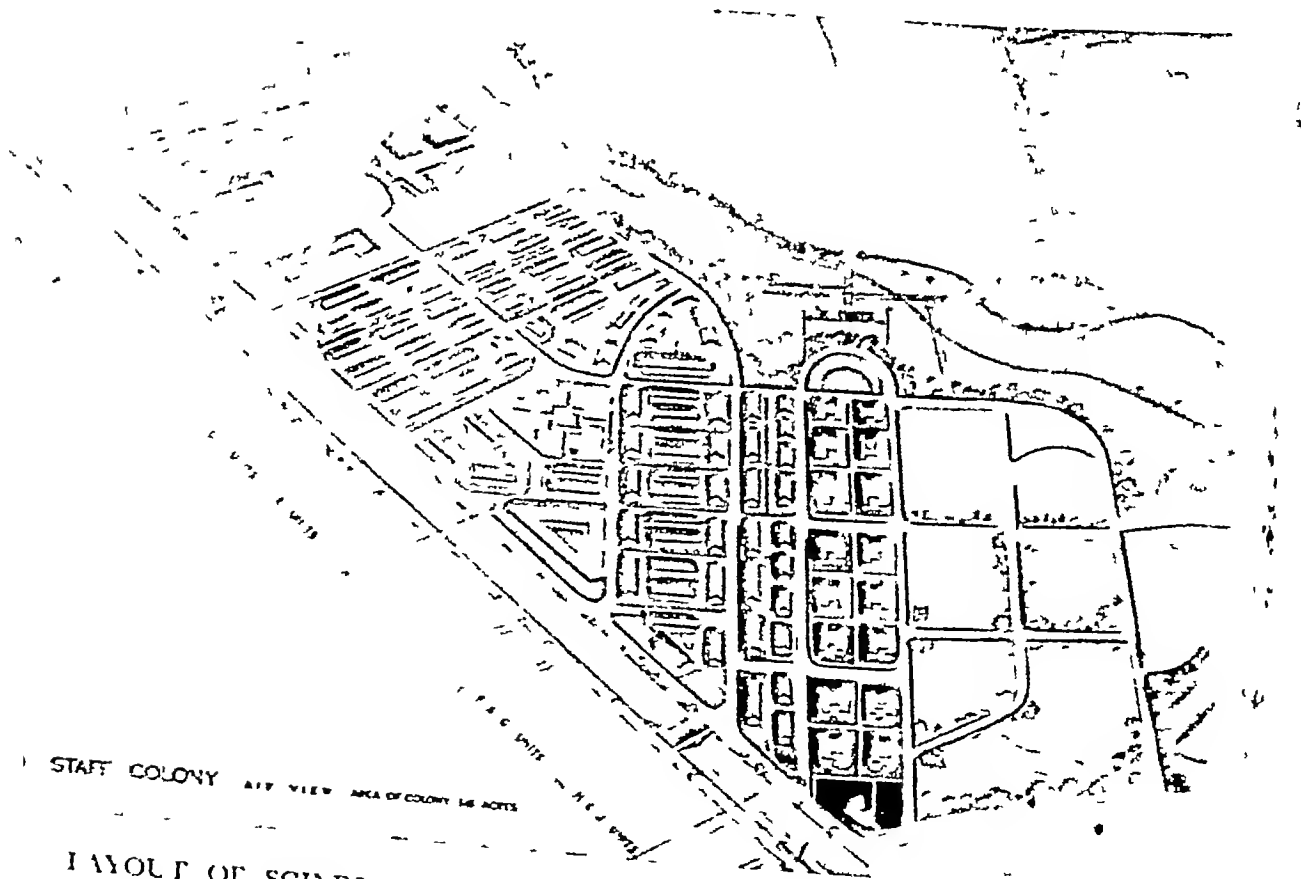
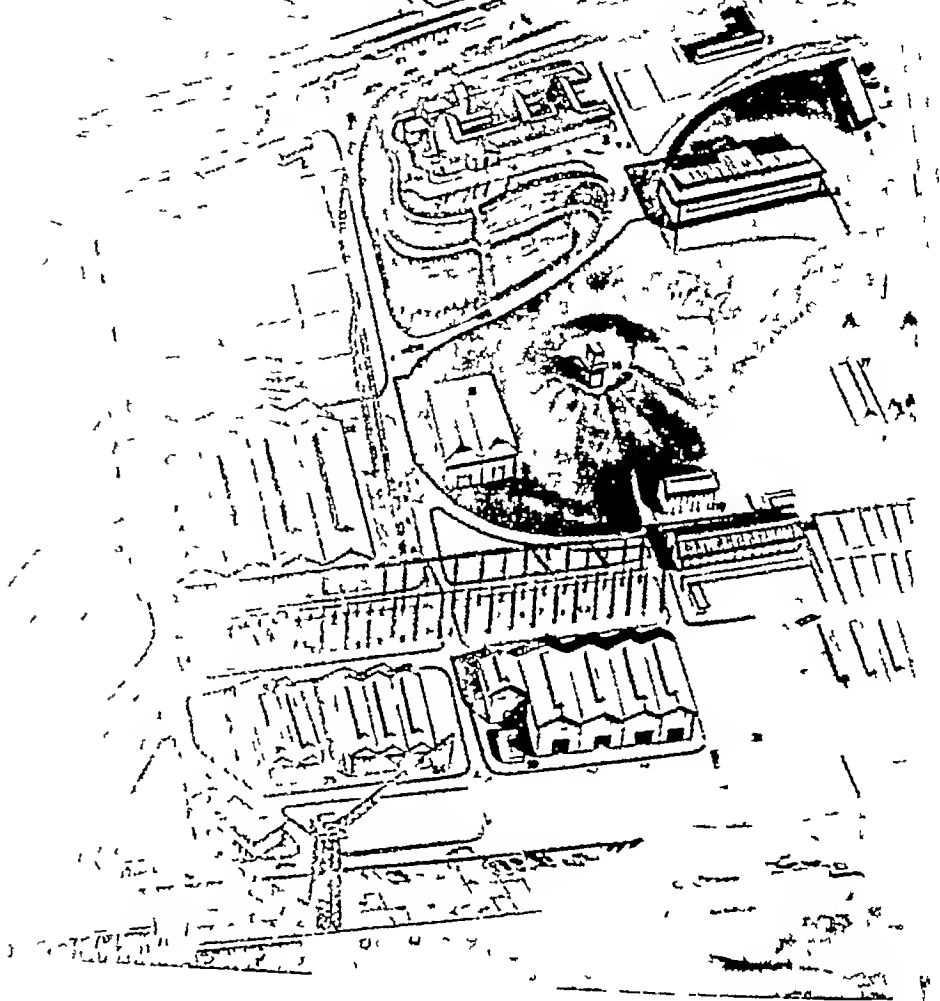
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BLESSINGS FROM MAHATMA GANDHI, JUNE, 1911

On the occasion of the foundation-stone laying ceremony of the Scindia Shipbuilding Yard he wrote, "May your enterprise be successful and may it be beneficial for the whole country"

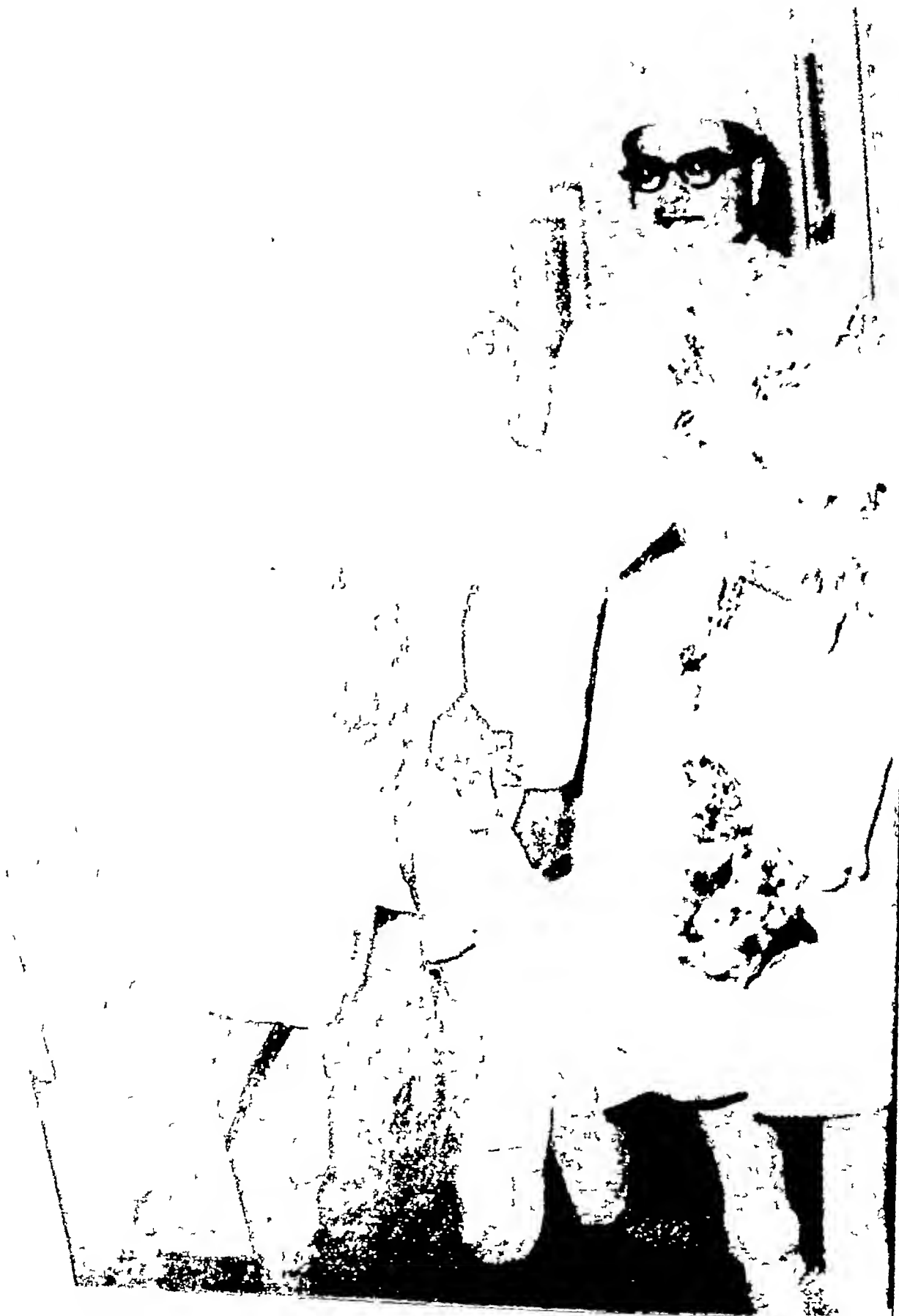


STAFF COLONY AIR VIEW AREA OF COLONY 14 ACRES

LAYOUT OF SCINDIA SHIPBUILDING YARD AND STAFF COLONY
GANDHIGRAM, VISAKHAPATNAM



DR RAJENDRA PRASAD LAYING THE FOUNDATION-STONE OF THE
SCINDIA SHIPBUILDING YARD, VISAKHAPATNAM, JUNE 21, 1941
"This modern shipyard is a significant symbol of the economic independence and regeneration
of our country"



MAHATMA GANDHI AT SCINDIA HOUSE, APRIL, 13, 1945

incorporation of the Company, the Board of Directors had passed a resolution on the subject and Narottam and Walchand had gone to London to discuss the plan for the establishment of a shipyard with British experts. Knudsen, an authority on ship-building, was brought to India to select a site and prepare a blueprint for the project. But, unfortunately, after the preliminary arrangements were over and a site in Calcutta was considered, Knudsen suddenly died, giving a serious setback to the scheme

The rate war with the B I in which Scindias were engaged for some years compelled them to put the shipyard plan into cold storage. But the idea was never given up and the Directors revived it in 1933.

A ship-building yard has to fulfil various requirements such as a suitable site, requisite depth of the sea, supply of fresh water, proximity of raw material, drydocking facilities, road and rail facilities and, last but not least, availability of skilled labour. Bombay and Calcutta were the obvious choices since they met most of these requirements. Discussions with the Bombay Port Trust, however, disclosed formidable difficulties in procuring a suitable site. Calcutta seemed to provide better prospects for success and a tentative site near King George's Dock was chosen in 1937 by Scindias's technical experts in consultations with the Chairman and Deputy Chairman of the Calcutta Port Trust. But the rent asked for the site was prohibitive for a new enterprise. While negotiations on this matter were going on, the war started, ships began to be commandeered and the need for new vessels became most acute. Time was of the very essence of the project if ships were to roll out of the proposed shipyard when they were needed most. Walchand therefore requested the Commerce Member to interest himself in the project and agreed to abide by his decision regarding rent and other matters under discussion with the British Port Trust Chairman. But the Commerce Member—who happened to be an Indian—was unable to prevail upon the chairman to take a reasonable view—despite the authority of his position. Consequently, Scindias were compelled to look for another site.

Their ultimate choice fell on Visakhapatnam, a minor port on the east coast of India, whose closure (on the ground of its being in deficit) was then under Government's consideration. No special concessions or privileges were granted in making it available to

Scindias On the other hand, when Scindias asked for a rail connection with the main railway lines to the shipyard, they were required to guarantee the full amount of capital outlay on the extension and a certain minimum return by way of interest to the Railways concerned which, of course, were then in British hands¹ It was realised neither by the Government nor the railways that building of a shipyard there was likely to enhance the revenue of the port, increase the value of the land and confer numerous other benefits on the port and surrounding area Needless to say, these expectations have been more than fulfilled and today Visakhapatnam is a flourishing port

A senior representative of Messrs Sir Alexander Gibb and Partners, who were appointed consulting engineers to the Scindia Shipyard, came to India in September 1940 to inspect the site and draw a layout of the yard Two shipways were planned to begin with, where at least four ships of 8,000 to 10,000 tons could be built every year When fully developed, the project was expected to have eight shipways where 16 ships of 6,000 to 10,000 tons could be launched annually Numerous difficulties, however, hindered the progress of the project owing to the war Orders for machinery were placed in the U.K., but their execution was difficult and it was not easy even to get experienced technicians from there Scindias were prepared to get a shipyard bodily transferred from the United Kingdom and to give the assurance that the ships built there would be placed at the disposal of His Majesty's Government or of the Government of India, if required The latter, however, had already decreed in their wisdom not to encourage ship-building as part of their war effort and they turned down the proposal

It was later suggested to Scindias that their experts should be sent to America to obtain the steel and machinery required for the yard, but all this was a time-consuming process while the need for ships was growing every passing day While the Scindia ship-building project was thus being received with coldness bordering on hostility, the British Government was placing orders for ships wherever they could—in America, Canada or Australia They even proposed to construct a shipyard in Turkey at the cost of two million pounds sterling which was to be given as loan to Turkey. Scindias's hopes of getting the shipyard under way and delivering ships by the end of 1942 began to fade

Nevertheless, they realised the value of unyielding patience and unceasing endeavour and decided to lay the foundation stone of the shipyard on June 21, 1941, and thus acquire an absolute title to the property. The port of Visakhapatnam might be in deficit, but the site of the shipyard sprawling between the spurs of Simhachalam and Shamgiri or Dolpin range on the eastern seaboard, midway between Calcutta and Madras, was valuable. It had a naturally protected position and served the rich hinterlands of the Central Provinces, Bihar and Orissa (Andhra Pradesh in which Visakhapatnam is now situated was not then constituted as a separate State). Scindias had acquired 55 acres of virgin land whose surrounding hills were kept evergreen by the South-west and North-east monsoons. Negotiations for acquiring another 300 acres for laying out "Gandhigram"—as the shipping yard site was named—as a model township, were soon undertaken.

In keeping with the nationalistic traditions of the Company, Dr Rajendra Prasad was invited to lay the foundation stone of the shipyard. In a letter to Walchand, Mahatma Gandhi said, "As Rajendra Babu is going to Vizagapatnam, there should be no necessity of a message from me. In view, however, of my old association with Seth Narottam, I can quite understand that you would expect my blessings on this occasion. May your enterprise be successful and may it be beneficial to the whole country!" Sardar Patel and other Congress leaders who were in jail also sent their good wishes. Gurudev Rabindranath Tagore in his message expressed the hope that the day was not distant when Indians would sail the seas in their own ships flying the flag of their own country and remarked that future generations of India would remember the occasion with gratitude. "You will have built one of the main pillars of India's prosperity and independence. I congratulate you on your initiative and wish your enterprise all success," Tagore concluded. Similar messages from other eminent men and representative associations were also received.

In his speech requesting Dr Rajendra Prasad to lay the foundation stone, Walchand narrated the numerous difficulties which Scindias had to encounter in making a beginning with their shipyard project, how the Government of India had coldshouldered them although all free countries were keen on developing their ship-building industry with every possible help. "Self-sufficiency in the matter

of building ships both for the navy of supply as well as the navy of defence has been regarded in all the maritime countries as a national duty of supreme importance. India is the only maritime country which has disowned this responsibility and is a glaring exception to the recognised practice in this matter all the world over."

In his speech after laying the foundation stone Dr. Rajendra Prasad made a retrospective survey of India's maritime heritage and showed how it was stifled as a matter of calculated policy by the British. He dwelt upon "the melancholy meanness" which had characterised the British attitude towards Indian shipping and ship-building. Dr. Rajendra Prasad ended his speech on a prophetic note "If the Government constituted as they are, are unwilling or unable to lend you active support in this most praiseworthy and nation-building enterprise, that constitutes still further condemnation of the political system obtaining in this country which is devoid of a national outlook or policy and which in vital matters subordinates the interests of India to the economic interests of Britain. Let me repeat that such a system cannot last because it is fundamentally against the spirit of the times and offends the deeper consciousness of the nation.

"When such a system is replaced by one that is representative of and responsible to the people of this country, the serious grievances which you have ventilated and the injustices from which you suffer cannot but be removed and remedied. My appeal to you therefore is not to lose heart but to strive honestly and to the best of your abilities, in the peculiar circumstances in which we are placed in our country to achieve the object on which we all have set our heart namely, the economic independence and regeneration of this country of which this modern shipyard, reviving one of the most ancient industries of India, is a significant symbol."

The foundation stone was laid truly and well, but it was anybody's guess when the shipyard could be ready. And as for its rolling out ships into the sea, it remained still a dream! One could never be sure of any such project materialising in war-time. And it was no matter for surprise that it was only seven years after, in 1948, that the first oceangoing ship could be launched from the Scindia Shipyard. Meanwhile, it passed through numerous vicissitudes. Its initial progress was necessarily at a snail's pace although by the end of 1941, Rs 30 lakhs were spent on it and another Rs 45 lakhs were earmarked

for plant and machinery. The entry of Japan into the war posed a new threat to the shipyard. When the Government in pursuit of "the scorched earth" policy asked Scindias to be ready to destroy the yard if an emergency arose, they refused to entertain the suggestion and, instead, offered to remove the machinery elsewhere in case of necessity. That need soon arose when Vizag was bombed by the Japanese, fortunately without damage to the shipyard. Further work on it was discontinued and in consultation with the Government it was decided to transfer the machinery, stores and materials to Bombay.

This was done soon after, but the Government again tried to put a spoke in the wheel by informing Scindias that as the Vizag scheme was indefinitely postponed, the property at Vizag was not insurable. This was an untenable proposition, to say the least. Steps were taken to start the work expeditiously and the Bombay yard began the construction of trawlers and landing assault craft for the Government in July 1942. Delays in supply of machinery and materials, however, were irremediable. On one occasion, when the company did receive a supply of much-needed steel, it was promptly requisitioned for defence purposes! On another occasion, much-needed propellers which were ordered for two ships—otherwise ready—were not given due priority in imports from U.K. Complaints made to the highest authorities in Delhi were not even acknowledged let alone redressed and it was altogether a Herculean job to keep the yard going at all!

With the end of the war, the Company was allowed to resume its activities at Vizag on a small scale as the Government desired to maintain the port, which had served as a wartime base to the R.I.N. in the Bay of Bengal. The war had ended, but the red tape in Delhi was going as strong as ever and it was no easy job to resume the work on the Vizag shipyard after a break of three years. Not only was the yard proving an onerous and time-consuming proposition, but it also imposed a heavy financial burden on Scindias for maintenance and standing charges. The Directors bewailed in their annual report for the year ending June 30, 1945: "When your directors consider the facilities obtained by the ship-building industry in England, America, Canada, Australia and other countries during the war, they strongly feel about the most unfair treatment meted out to the ship-building scheme of the company. While other countries have produced tonnage on a very extensive scale in the last three to four years, we have not been able to obtain steel to build even one ship. As a result of conti-

nuous representations from the Company, the Government has been pleased to issue licences for 1400 tons—the quantity just enough to cover *half a ship* ! Does this position need further comment ?”

Another illustration of the obstructive official attitude may be given. When the Company sought permission to construct a 1,000-foot jetty, the Government sanctioned two small jetties of 25 feet each ! Despite all such vexations, by the middle of 1946 two slipways, filling out wharves and the necessary workshops were nearing completion. Keels were laid for two 8,000-tonners on June 22 and August 8, 1946 respectively. In that year, new winds of change were blowing in India and in keeping with them the Government of India appointed a ship-building panel to make recommendations regarding the help that was necessary for establishing and developing the ship-building industry on a sound economic footing.

The ship-building issue, however, was not included in the terms of reference of the Reconstruction Policy Sub-Committee on Shipping, which was appointed in 1945 and its report and the Government Resolution based thereon were silent on this subject which had a vital bearing on the nation's shipping policy. However, in free India ship-building was bound to receive encouragement and help and the assurance for them came in no uncertain terms from the first Prime Minister of India, Jawaharlal Nehru, when he launched the “Jalausha” at the Scindia Shipyard on March 14, 1948. This cheerful story will be told in a later chapter.

Magna Carta

THE WAR TOOK a heavy toll of world shipping. Paradoxically, however, at the end of the war world tonnage had increased from 69 million tons gross in 1939 to 80 million tons gross in 1945. This was entirely due to the colossal output of the U.S.A. during the war which amounted to 52 million deadweight tons. The U.S.A. consequently dominated the world of shipping by its huge tonnage. The surplus tonnage became a matter of serious concern to other maritime countries of the world. Even the highly developed British shipping industry felt apprehensive about its future unless the problem of surplus U.S. tonnage was satisfactorily resolved. This was gradually done with the sale of American surplus ships to other needy countries and by putting a large portion of the "Liberty" ships in moth-balls.

While other maritime countries vigorously resumed their ship-building activities after the war—the United Kingdom alone launching merchant ships with a tonnage of 898,000 gross in 1945—it was not easy for Indian shipping to recoup its wartime losses of 34,466 G.R.T., let alone add to its tonnage of 100,000 G.R.T. India had neither a shipyard of its own—Scindias's effort to build one in war years being consistently thwarted—nor even the ready resources to replace her lost ships. The cost of construction had increased threefold during the war years. As for the Government's help, it was conspicuous by its absence. Even the quantum of compensation for lost ships had not been decided.

Scindias, who had suffered the brunt of war losses, however, resolutely decided not to postpone their reconstruction programme. Even before the capitulation of Japan they had placed an order for a new ship with Messrs. Lithgows and followed it up with more orders with Messrs. Hamiltons and Swan Hunters. Keels for two 8,000-tonners were laid in 1946 in Scindias's own shipyard at Vizag

The delivery of these vessels would be spread over the next two or three years and, meanwhile, the Company had to make do with what ships it had.

The vigour which informed Scindias's management was evident in its decision to increase its capital by Rs 2.25 crores. In a circular to the shareholders dated January 1, 1946, the Directors said.

"The increase has become necessary because eight steamers have been lost and eight steamers had become very old. All these steamers will have to be replaced by new steamers. The Company also looks forward to an increasing expansion of its activities in the coastal trade and expects to secure a legitimate share of the overseas maritime trade of India. In view of the policy enunciated by the Government of India for enabling Indian shipping to secure further substantial share of trades starting from or originating in India and also a fair share of world trade, the Directors think that both such expansion and expectation have become practical propositions. In view of the increased cost of the new tonnage and the number of steamers required for replacing the lost steamers, substantial funds will be necessary in addition to the funds available with the Company to finance the building programme which the Company has in view."

While the Company awaited the delivery of new ships, it could not simply mark time. It had to make efforts to recapture the trade it had built up with great effort before the war. It was obliged, therefore, to repair and overhaul at heavy cost its old ships as also the requisitioned ships returned by the Government, which were subjected to heavy wear and tear during the war years.

The Company had still to work under the restrictions imposed by the 1933 agreement. It was supposed to end on December 31, 1939, but the B I was in no mood to revise it even in 1945. Although the Government was committed to ensure adequate participation of Indian shipping in India's coastal and overseas trade, they took no active steps to implement the assurance either before or during the war. On the contrary, they showed open partiality to British shipping. While Indian shipping was subjected to numerous restrictions and open hostility, a new danger loomed over the international horizon which threatened its growth.

The maritime countries which had built up powerful merchant navies by the adoption of every form of discrimination in favour of their own shipping now sought the authority of the United Nations

Organisation for a declaration that there should be absolute free trade in the field of shipping and that in future all forms of discrimination should be voluntarily banned so as to enable the shipping services of all member-countries to participate in the development of international trade. A draft convention was circulated by the Economic and Social Council of the UN which required governments not to adopt "measures for the protection of their national shipping and to take every step to promote the free availability of shipping of all countries to the commerce of the world without discrimination." A conference held in 1946 in Washington even decided—India dissenting—to set up a specialised agency for shipping, affiliated to the UN, to speak on behalf of the shipping industries of the world. Indian spokesmen stoutly protested against the new seemingly innocuous principle, which would hinder the progress of Indian shipping for all time. For the leading maritime countries, it was (as Narottam had once vividly described) like the cat going on a pilgrimage after killing a hundred rats.

In his annual speech to the shareholders on December 23, 1946, Walchand took note of these new proposals which were sought to be foisted on backward countries like India. They would amount, he said, like the giant calling on the dwarf to run a race on equal terms. It would be impossible for countries like India, the shipping of which was in an early stage of development, to agree not to have recourse to the very means, which had enabled the British and American shipping industries to reach a dominant position in the maritime world and to build up immense financial resources.

These developments began to cast their ominous shadow on the postwar prospects of Indian shipping, which earlier had seemed bright. However, the new winds of change which had begun to blow over the world in the forties helped to drive away the lowering clouds. Even the crusty Government of India were affected by these winds and appointed a Postwar Reconstruction Committee with the Commerce Member as its chairman in 1941. As constituted then, the Government probably had not the vaguest idea of the shape of the future or, much less, of the metamorphosis they themselves would undergo within six years. But it was fashionable to appoint committees in British days—as it is even now—and one more, they must have thought, would do no harm. Be that as it may, the Postwar Reconstruction Committee, in its turn, appointed a

number of committees to consider particular problems. One of them was the Reconstruction Policy Committee on Shipping. This committee, in its turn, appointed another committee called the Reconstruction Policy Sub-Committee on Shipping in October 1945. The terms of reference of this Sub-Committee exhaustively covered all aspects of Indian shipping. The Sub-Committee, which began its work in March 1946, was presided over by Sir C. P. Ramaswami Aiyar and was composed of Sir A. H. Ghuzanavi, K. C. Neogy, M. A. Master and W. A. Radcliffe. The latter two members represented the shipping industry and belonged to Scindias and the Mogul Line respectively.

Apart from the fact that the composition of the sub-committee was such as to inspire confidence in the industry, its work was facilitated by the official memorandum on postwar shipping policy issued to its members. It frankly admitted that the weak condition of Indian shipping was fully exposed under the stress of war and that the Government had not sufficiently helped the development of an Indian mercantile marine. The Government desired to rectify the position "not only for commercial reasons but also because the development of the Royal Indian Navy necessarily implies the concurrent development of the merchant navy". It formulated the steps the Government would like to take such as an increased share in the coasting and adjacent trades and a fair share in the eastern trades and the trades with U.K., the Continent of Europe and North America. These guidelines helped the sub-committee to make far-reaching and business like recommendations and to embody them in an outspoken report.

The report, which was submitted to and approved by the Policy Committee on Shipping in March 1947, was accepted almost in its entirety by the Government of India. The decision thereon was published as a Resolution on July 12, 1947. As the report and the Government Resolution constitute a veritable *Magna Carta* of Indian shipping they deserve special attention. One conversant with the dull and apologetic reports of the committees appointed under the British regime would be astonished as much by the vigour of the language in which the committee's recommendations were couched as by their forthrightly nationalistic substance. He would not know that the knell had already begun to toll for the British Raj. The report detailed the sound condition of shipping

in other countries and the help that was given to it by their governments and contrasted it with the position obtaining in India

The history of Indian shipping has been, said the report, "for the national shipping companies, a sad story of ceaseless struggle and sacrifice, for the people of the land, it is a painful chapter of bitter disappointment at the lack of response from the Government of India to their demand for stability and expansion, and for the Government of India, it is a tragic tale of broken promises, unredeemed assurances and neglected opportunities" It openly accused the Government of India of callousness. "despite the fact that the country was being ravaged by deadly famine and the people were dying in thousands for want of foodgrains which could not be brought from abroad owing to lack of shipping space, the Government went on looking helplessly at the deepening tragedy without doing anything to build, to borrow or to charter ships or to secure them under lend-lease arrangement"

The report recommended the Government to formulate and implement a national shipping policy without delay "Like other important maritime countries the Government of India will have to take a militant view of their responsibilities and obligations towards national shipping" The sub-committee's recommendation under ten heads took note of all problems and difficulties and suggested definite and concrete solutions for them To begin with, it defined national shipping if it fulfilled the following conditions

- (a) That it is registered in India,
- (b) that it is owned and managed by an individual or by a joint-stock company (public or private) which is registered in India with rupee capital, with a majority of Indians on its directorate and a majority of its shares held by Indians, and
- (c) that the management of such a company is predominantly in the hands of Indians

In short, noted the sub-committee, "we define the term 'Indian shipping' as shipping owned, controlled and managed by the nationals of India"

Proceeding on the generally accepted principle that a country should carry in its own national bottoms at least 50 per cent of its maritime trades, the sub-committee boldly recommended that the objectives of the future shipping policy of India would be to reserve for Indian shipping the entire coastal trade of India and to secure

adequate share in other maritime trades. It recommended State financial aid to only that section of the industry which partakes in India's foreign trade.

The report warned the Government of India and the Indian shipping industry to be vigilant about the new international trends. "For India it is not a question of not giving protection to her own shipping, the question is how India should acquire and build tonnage for her own needs which she has been denied until now. It is well-known that Indian shipping companies in the past have been wiped out of existence by severe rate wars carried on against them by British shipping companies. The proposed UN specialised agency in the field of shipping will, on the one hand, proclaim that any such just grievance of its members will be outside its jurisdiction but at the same time will compel its members not to redress the grievances of their own national agencies by giving them such help and protection as they might need."

The sub-committee recommended the appointment of a Shipping Board as the spear-point of policy, locally and internationally, with powers to licence coastal vessels and suggest proposals for the removal of monopolies. It suggested two million tons not as a specific target tonnage but "as a programme of action for the next five to seven years only." The sub-committee's most important recommendation was that 100 per cent of the purely coastal trade, 75 per cent of India's trade with Burma, Ceylon and with geographically adjacent countries, 50 per cent of India's distant trades and 30 per cent of the trades formerly carried in Axis vessels in the Orient should be secured for Indian shipping in the next five to seven years.

On the basis of securing these trades (amounting to ten million tons of cargo and three million passengers), India would need two million gross tons of shipping exclusive of country craft—which was an ambitious proposal considering that India then had a mere 100,000 tonnage. It suggested negotiations with His Majesty's Government and British shipping companies, the purchase of US surplus ships and building in India and U K as the principal ways of acquiring the additional tonnage.

The Government of India broadly accepted the recommendations of the sub-committee and endorsed its view that like other important maritime countries, India should adopt "a dynamic policy" with

regard to her shipping. The Government's main modification was regarding the definition of Indian shipping. In view of certain practical difficulties the Government decided that a company would qualify to be an Indian shipping company if 75 per cent of its shares and debentures were held by Indians in their own right provided that all directors and the managing agents, if any, were Indians. The Government affirmed their intention to secure for Indian companies the shares in the different trades, as recommended by the sub-committee. They also announced their decision to negotiate the acquisition of ships with British shipping interests for which H M G. had already extended an invitation to them.

A conference of Indian and British shipping interests was accordingly held in London in July 1947. Walchand and Master were members of the Indian delegation. The pleas of the Indian shipping interests for a purchase of British ships and for a share in India's foreign trade, however, were haughtily turned down in the best traditions of Lord Inchcape and, to add insult to injury, the Indian delegation was asked to acquire the necessary tonnage before claiming a share in the overseas trade ! This was the last imperialist attempt to throttle Indian shipping !

The very next month India became free

Educating The Government

THE ACHIEVEMENT of independence by India on August 15, 1947, has been hailed and described in a thousand books. It concerns us here only so far as political freedom simultaneously ushered in the economic liberation of India from the stranglehold of British imperialism. Since shipping plays a paramount role in the life of a nation, Indian shipping companies were foremost in welcoming the advent of freedom. Now their problems, difficulties and aspirations would receive sympathetic consideration from the Government. As the leader of the Indian shipping industry, Scindias had special cause for jubilation. They were in the vanguard of the struggle for a national shipping policy for over a quarter of a century. Narottam and Walchand personified the economic aspect of the national spirit which had emerged triumphant at last.

A skeleton national policy for Indian shipping as formulated by the Reconstruction Sub-Committee on Shipping was accepted by the interim Government a month before India attained freedom. Two and a half months thereafter, the National Government sought to endow it with flesh and muscles in a conference of shipping interests called by the Commerce Minister, C. H. Bhabha, on November 3, 1947.

Bhabha made a formal announcement that the Government of India had accepted the principles of coastal reservation for Indian shipping and of the target of two million tons. He assured their implementation as speedily as possible. He also promised to remedy the other basic weaknesses of Indian shipping such as shortage of trained personnel and to take the necessary legislative and administrative action in order to safeguard Indian shipping in home and foreign waters. However, he did not lay down a definite timetable or a blue-print for these purposes.

The Minister also announced a new shipping policy of "active co-operation of the state with enlightened private enterprise in an endeavour to secure for India the rightful place among the maritime nations of the world. He envisaged a new pattern of development in the shape of shipping corporations. The Government would participate in them to the extent of 51 per cent of their capital, the rest coming from an existing shipping company or partly from such a company and partly from the public. He believed that the formation of such a state-cum-private shipping enterprise would

- (a) encourage the flow of private capital and diversion of private enterprise to shipping services,
- (b) eliminate unhealthy competition between Indian companies in the same trades; and
- (c) prevent the establishment of private monopolies

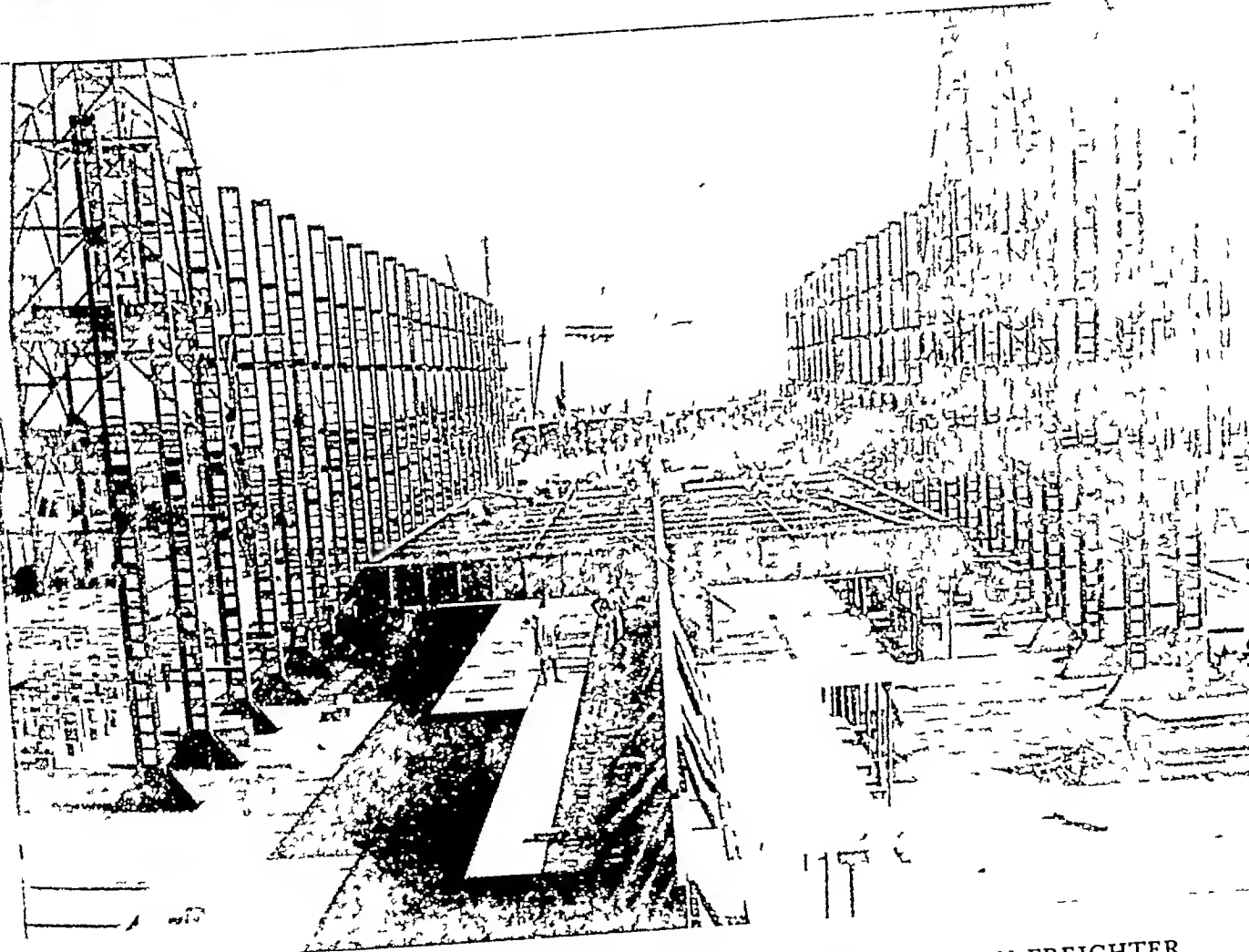
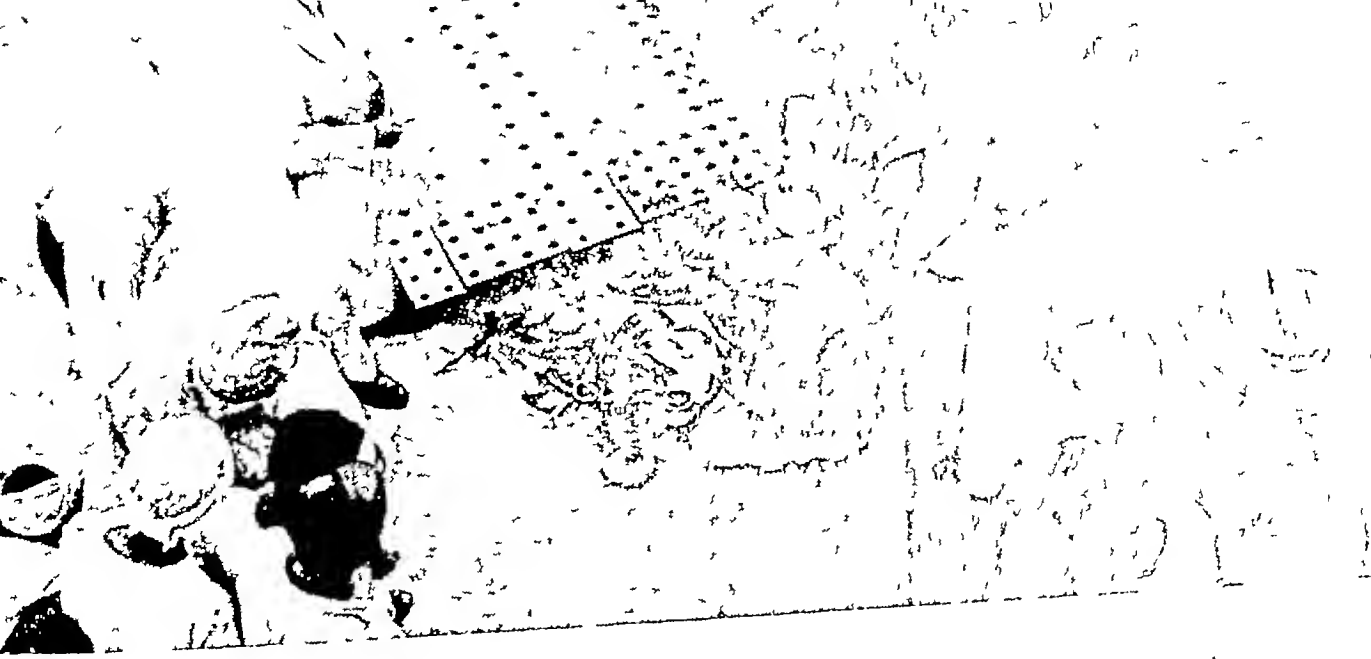
Bhabha said in conclusion : "The Government are not oblivious of their responsibilities in the matter. In spite of their many worries and anxieties and major distractions, they would march steadfastly towards the goal. The pace might appear slow to many and the goal may be only dimly visible in the horizon, but we must be on our guard against any hurried moves or any false steps taken in a huff. We must make the basic foundations of our shipping industry secure from attack both from within and without and it is only a co-operative structure, based on the active guidance and co-operation of the State, that can withstand such an attack."

At the annual meeting of Scindias held soon afterwards (November 21, 1947) the chairman welcomed Bhabha's speech and stated: "We are grateful to our Government that not only have they approved the recommendations of the Shipping Sub-Committee's report but they have also made it clear that they would adopt a dynamic policy and vigorous drive to take action in accordance with these recommendations. For the first time in the history of Indian shipping the Government have made it clear in categorical and heartening language that they would adopt the same methods of giving help to shipping as have been adopted by great maritime countries like England and America and thus enable the country to build up a powerful merchant navy. It is recognised that such a navy is essential for building up the economy of the country and is vital for enabling it to implement a vigorous and comprehensive policy for the defence of the land." The chairman declared that the

Board had decided to implement their policy for expanding the activities of the Company by starting new services in the overseas trade of the Company

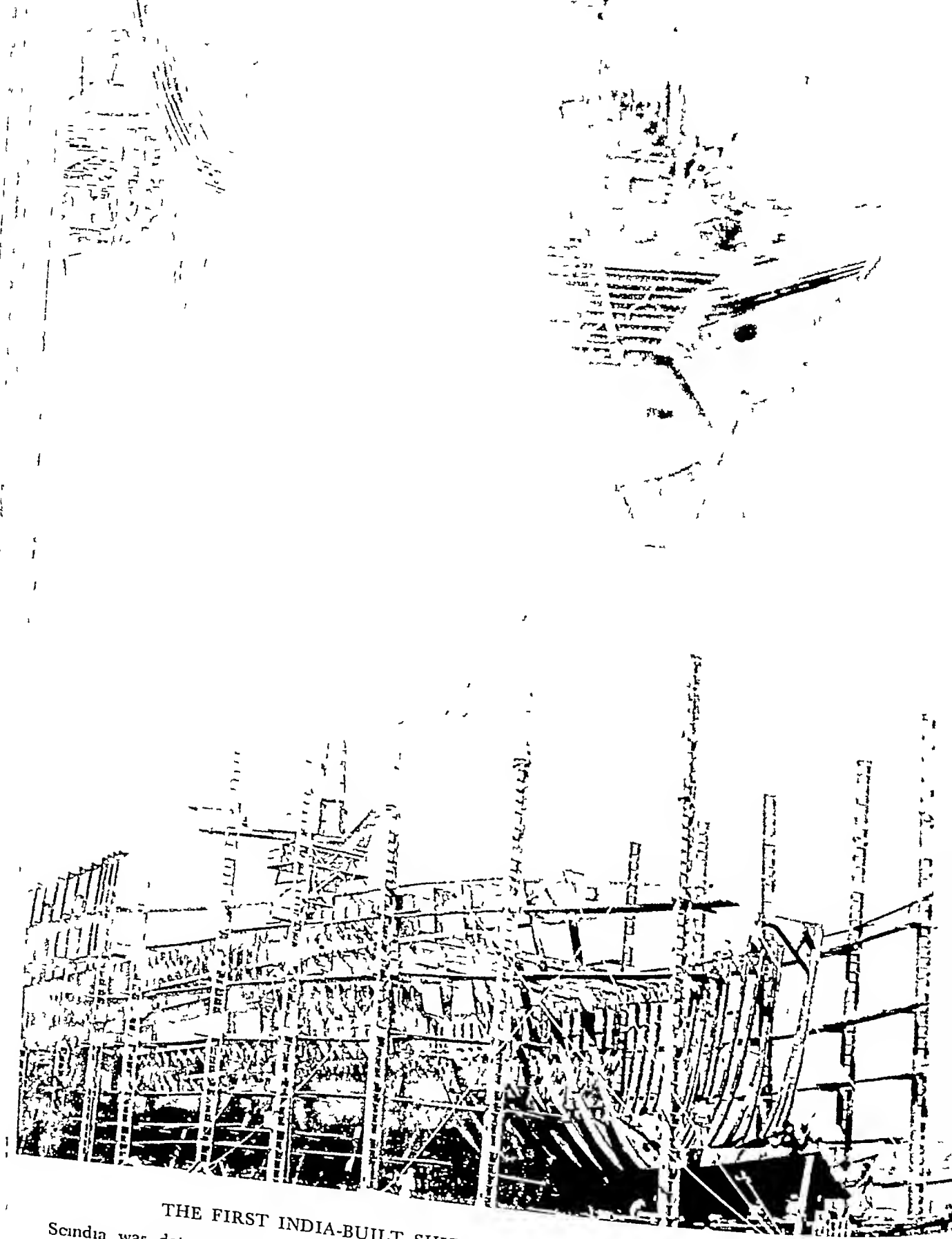
Walchand's enthusiastic appreciation of the Commerce Minister's speech is understandable. After all, it was natural that one should repose great hopes in free India's first national government. But, they were not shared to the same extent by others in the shipping industry. In fact, they were not much impressed by Bhablia's pronouncement. What they were expecting from the Government was the grant of loans at concessional rates of interest as also operational subsidies for the enlargement of fleets and the opening of new services and routes. Instead, the Government offered them only a "mixed economy" in shipping and a share in shipping Corporations run by the Government. Here was the first unsuspected introduction of the division and rivalry between the "public and private sectors", which was to be congealed into the Government's Industrial Policy Resolution of 1956, and which was to bedevil the economic advancement of India in years to come. Under the 1956 Resolution, the shipping industry was included under Schedule B which listed the industries to be developed conjointly by both the private and public sector, the latter taking a predominant part in setting up new undertakings.

It was the Government's original intention to form three separate shipping corporations, each with a tonnage of 100,000. The first one—the Eastern Shipping Corporation Ltd—was founded in March 1950 with major financial participation by the Government of India. In order to avoid competition with existing lines, the new Corporation was allotted the India-Australia, the India-Far East, India-Malaya and India-East Africa routes. True to their pioneering spirit, Scindias extended their co-operation to the Corporation by becoming its Managing Agents with a 26 per cent share in the capital. The Government's nominees were naturally in a majority in the Board of Directors. The experiment promised to prove a success, but Scindias had to surrender the Corporation's Managing Agency as a consequence of the passing of the Companies' Act of 1956. With the purchase of Scindias's share of the capital, the Corporation later became a full-fledged Public Sector undertaking. In the same year (1956) another Corporation called the Western Shipping Corporation was formed as a purely State-owned venture. The two Corporations



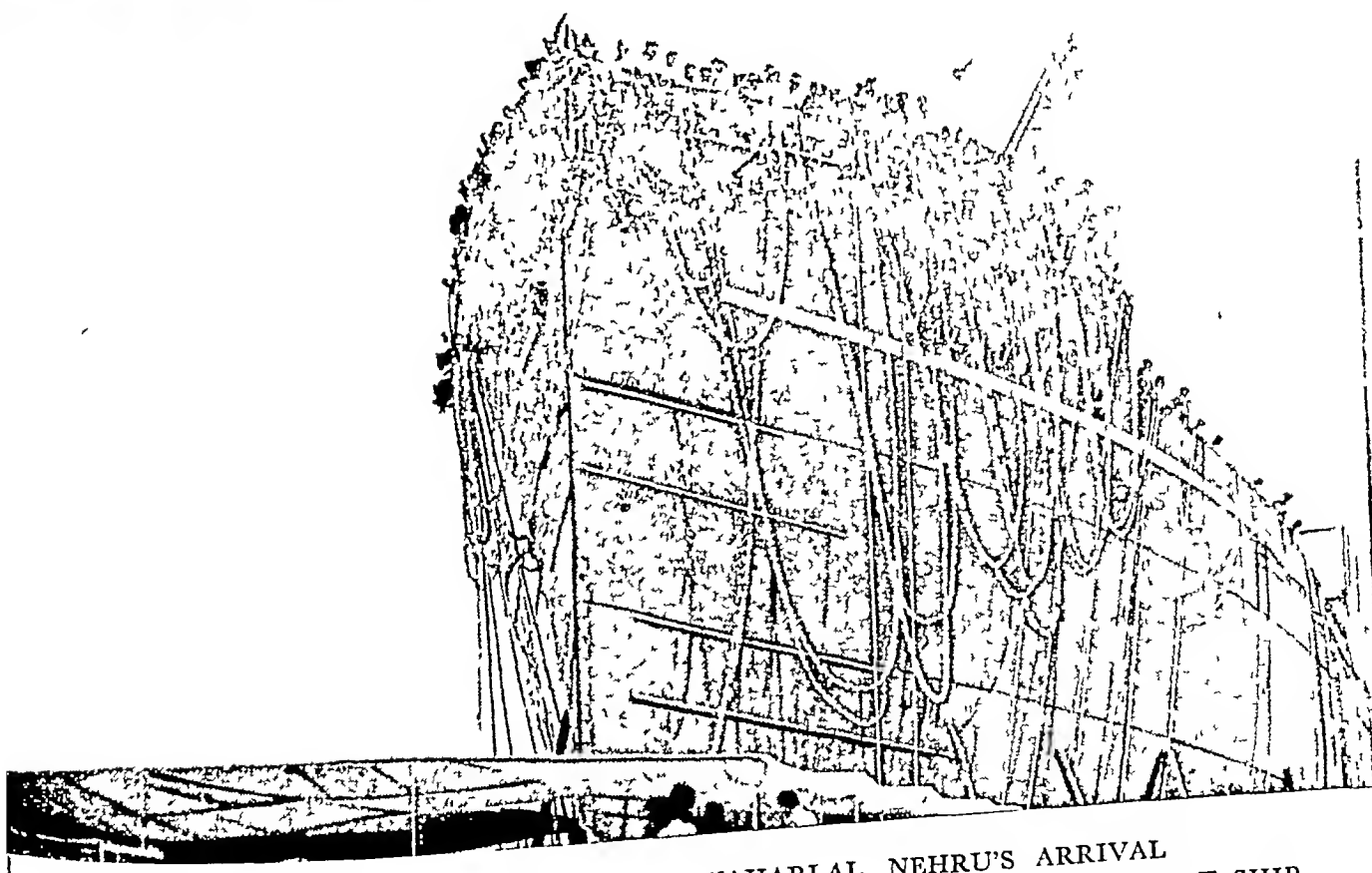
THE KBEL LAYING CEREMONY OF THE FIRST 8,000-TON MODERN FREIGHTER
VISAKHAPATNAM, JUNE 22, 1946

A long cherished dream of ships built by Indian labour began to materialise



THE FIRST INDIA-BUILT SHIP UNDER CONSTRUCTION

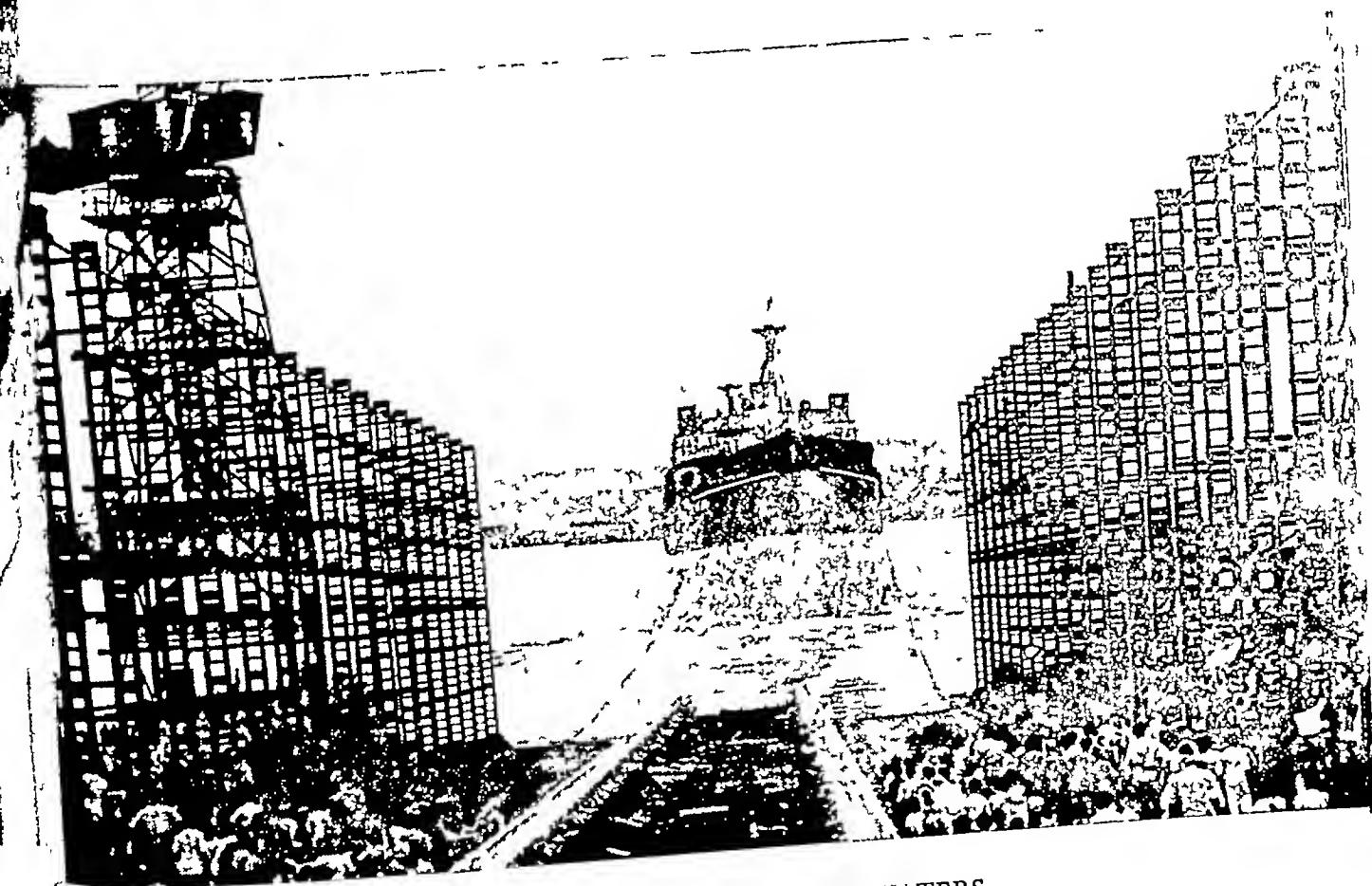
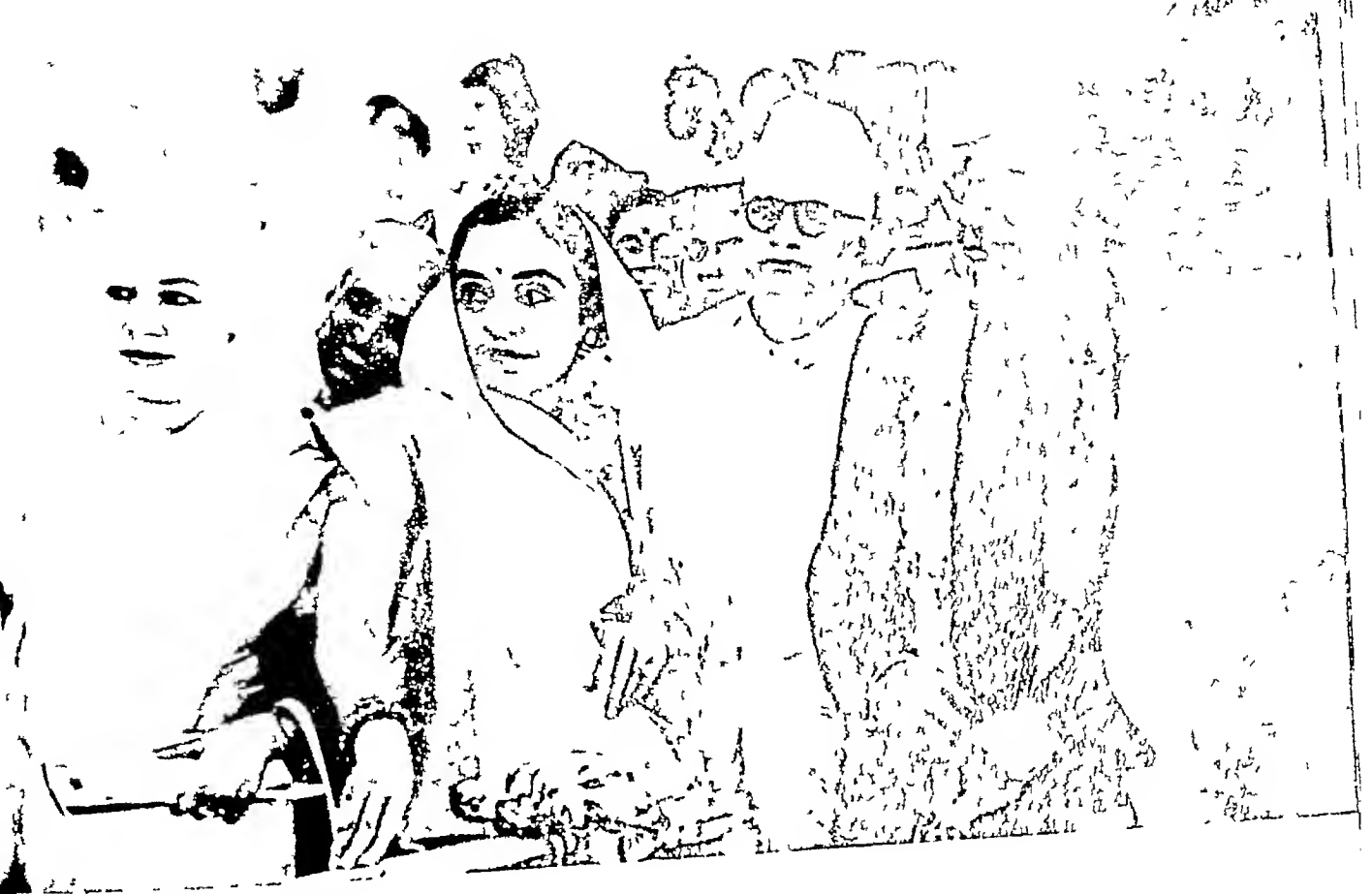
Scindia was determined to accept the challenge and prove that India was no novice in the art of shipbuilding



PRIME MINISTER JAWAHARLAL NEHRU'S ARRIVAL
AT THE SCINDIA SHIPYARD FOR LAUNCHING THE FIRST INDIA-BUILT SHIP
The first Indian built ship has been of this size built after centuries



"JALAUSHA"—THE DAWN OF WATERS
Jawaharlal Nehru ceremoniously named the ship "Jalausha" and launched her to the sea,
March 14, 1948



“JALAUSHA” SLIDES INTO THE WATERS
“May this ship be the beginning of many other ships and may they carry the message of
India to all corners of the world”

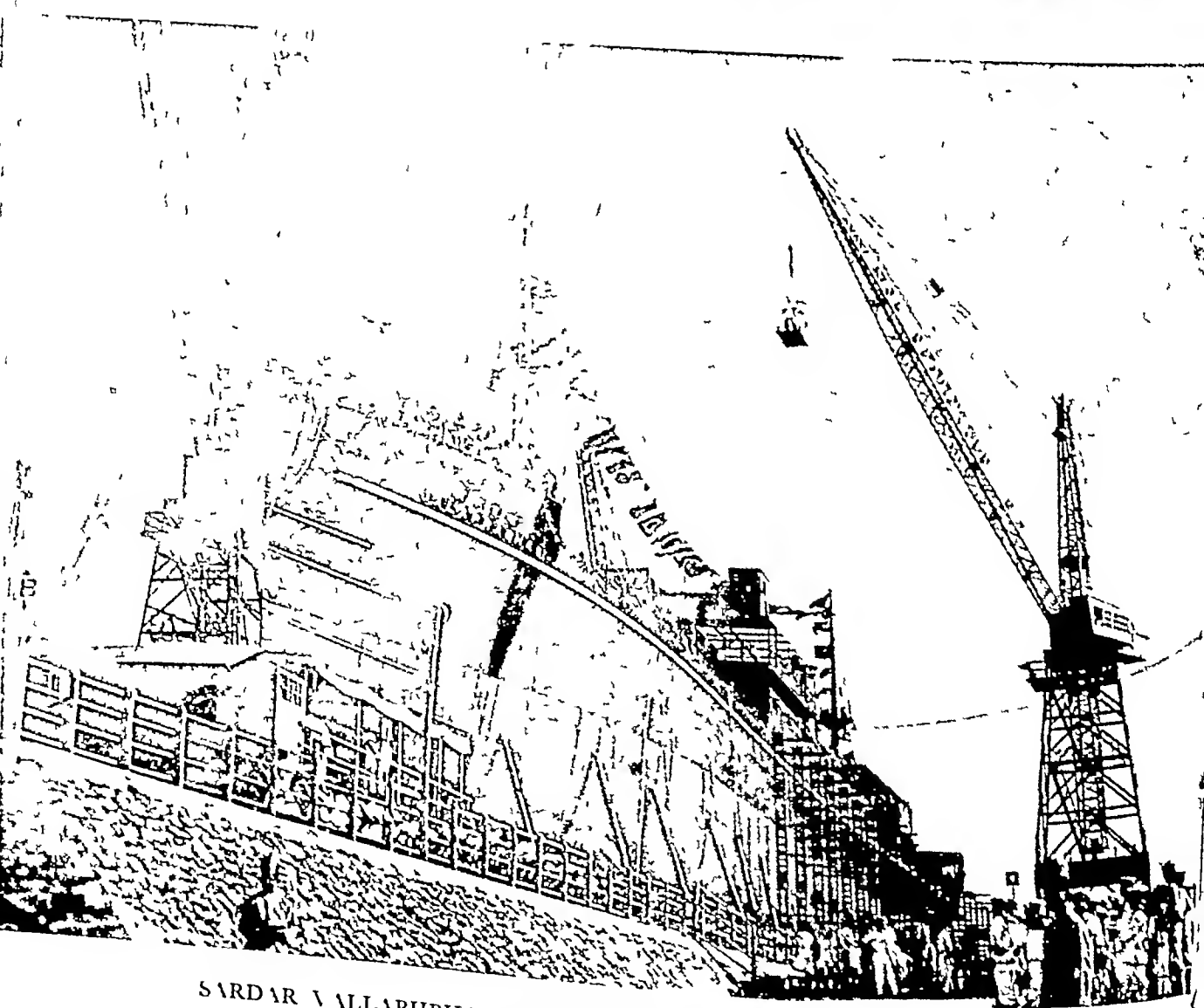


THE PRIME MINISTER ADDRESSING THE GATHERING
"We are beholden to the Scindia Company for the enterprise it has shown in the past"



WORKERS WHO BUILT THE SHIP

The ship was built by Indian labour, using Indian material in a shipyard, owned, controlled and managed by Indians



SARDAR VALLABHBHAI PATEL LAUNCHING "JALAPRABHA"
BY WIRELESS FROM NEW DELHI, NOVEMBER 20, 1948

A triumph of persistence over adversity, of faith over scepticism, and of hope over despair "

were merged in October 1961 into the Shipping Corporation of India, which has made considerable strides in the last eight years. The Government of India later purchased 80 per cent of the shares of the Mogul Line.

It was natural that a number of new companies should be born in the wake of freedom. Two—the India Steamship Company (under the chairmanship of Sir Ramaswami Mudaliar) and the Bharat Line—were incorporated in 1947. Three more (including the Great Eastern Shipping Company) were established in 1948. Scindias increased their capital twice by a total of Rs 5 crores and launched a bold scheme of expansion. In 1948 the Company also issued debentures worth Rs 5 crores to finance its expanding activities. The chairman noted that taking a long-term point of view, the policy of expansion was not only in consonance with the dynamic shipping policy of free India but also in the best interest of a pioneer organisation like the Scindias. One must take the tide at the flood, you cannot wait till the ebb begins, he added. Before Independence, Scindias had started a service to the U.S.A. and Canada with five American “Liberty” ships purchased with the foreign exchange made available to them by the Government of India and became members of the India-U.S. Shipping Conference. With the purchase of four more “Liberty” ships they began to participate in February 1948 in the trade between India and the Continent and U.K. The Company became an associate member of the Karmahom Shipping Conference in August of the same year. Scindias resumed their passenger service to the U.K. (which they had to close in 1921) with two passenger-cum-cargo ships—the M.V. “Jalazad” and the M.V. “Jaljawahar”. The first 8,000 ton ship glided down the ramp in Scindias’s shipyard at Visakhapatnam in March 1948. It was earlier christened the “Jalausha” by Jawaharlal Nehru.

Government’s failure to take speedy and dynamic steps to translate their assurance into action, their refusal to give financial assistance to Scindias for operating the India-U.K. passenger service and their hesitant approach to economic problems in general seemed to have gradually induced second thoughts in the mind of Scindias’s chairman. At any rate, his enthusiasm and optimism over the national Government seem to have been tempered by practical difficulties. The rapid expansion of the Company’s activities had

already imposed a severe strain on it. The chairman urged upon the Government of India in his annual speech on February 11, 1949, to take the Indian shipping industry into their confidence and jointly to evolve a plan for the development of Indian shipping so that India could soon build a navy of supply which the nation vitally needed and which the people and the country were anxious to see built up. It was urgently necessary for the Government of India, he said, to follow the examples of the U.K. and U.S.A. governments and grant assistance if not subsidies to Indian shipping.

"Plans will have to be laid out", the chairman added, "for the acquisition and/or construction of ships which we shall require for trades where we have to establish our position. Schemes will have to be made for the training and building up of a technical personnel essential for the running of ships of the Indian merchant navy of the future. Government will have to extend their patronage by giving their cargo to the ships under the Indian flag and will have to exercise their best influence in securing a fair and reasonable share of such cargo as may be under their control."

This was the last speech that Walchand delivered as the chairman of Scindias. He was incapacitated by a stroke on December 4, 1949, and passed away on April 8, 1953.

The muddled thinking of the Government of India over national shipping was highlighted in 1950 when under the stress of dearth of capital resources, it entertained the suicidal idea of inviting British shipping companies to participate in new Indian shipping ventures. Reports that the P. & O. were being invited to join the proposed shipping corporation began to float in shipping circles following the visit of a representative of that Company to New Delhi in 1950. The chairman of the P. & O. confirmed the report in its annual meeting in May 1950. Negotiations between the Government of India and the P. & O. Company indeed had progressed so far as mooted the formation of two Indo-British shipping companies, in which the P. & O. were prepared to accept a minority shareholding and for which they would provide the necessary management. Both companies would operate under the Indian flag and engage themselves in the coastal trade, but each of them would engage itself in a different overseas trade in collaboration with the existing P. & O. lines.

Indian shipping circles were struck aghast at such an outrageous

proposal emanating from a national government headed by Jawaharlal Nehru. It would have been incredible had not the P. & O. chairman himself confirmed it. One can easily imagine the thunder and lightening which Walchand would have stirred up over this preposterous suggestion had he not been confined to his sickbed. But his former colleagues in Scindias and the other spokesmen of Indian shipping raised such a hullabaloo that the Government had to shelve their plan : that it was merely shelved and not abandoned (as widely believed) came to light eight years later when the new Merchant Shipping Act was on the anvil in Parliament in 1958.

The cat was casually let out of the bag by the Minister of Shipping, Raj Bahadur, when he observed with reference to the participation of foreign capital in Indian shipping that "at any rate, partnership on a minority basis of a maximum of 49 per cent can always be considered." Obviously, the Minister and his Government were misled by the analogy of other industries in which such participation was permitted and could even be considered to be permissible. But a maritime marine is a different and special kind of industry altogether, being a second line of national defence. It cannot be compared, much less equated, with other industries. Inviting foreigners to participate in our shipping would be like inviting them to take part in the command of our army or navy. It would be an invitation to disaster, perhaps even to subjection. After having waged a struggle for a hundred years to drive out the foreigner, were we to spread a red carpet for him within eleven years of the attainment of freedom?

It was unbelievable, almost unimaginable, but it was the harsh truth. The Minister himself seemed to have a dim awareness of this grim reality when he observed that "if we allow foreigners to register, it might not be entirely free from danger at a time of crises. It might prove to be a double-edged sword. There may even be a positive disadvantage because shipping is the life-line of a nation. So we take our own steps in due time." But such an admission was a poor consolation to Indian shipping interests. The Draft Bill, provided that a ship would be deemed to be an Indian ship even if 31 out of 64 shares of it were owned by foreigners. Further under Clause 12(B) of the Bill, it was provided that if a ship was owned by a company registered under the Companies' Act, it would be

deemed to be an Indian ship even if it was under hundred per cent foreign control, direction and management.

This invitation to suicide had to be fought with all the fire, zeal and resources of the Indian shipping companies. And they did so in a manner which must have pleased the souls of Narottam and Walchand. A raging and tearing campaign was launched in the press, on the platform and wherever an opportunity for educating and rousing public opinion was available, against the pernicious clauses of the Bill. Scindias naturally took the lead in the whirlwind propaganda. Sumati Morarjee especially was most active in preserving the heritage bequeathed to Scindias and Indian shipping by her revered father-in-law, Narottam Morarjee. In her representative capacity not only as a Director of Scindias but also as the then President of the Indian National Steamship Owners Association, she delivered speech after speech, issued statement after statement, sent telegram after telegram to the Government protesting against the Bill. Master came out of his retirement to lend a hand to the campaign. Dharamsey Khatau and Sir Ramaswami Mudaliar, chairman of Scindias and Indian Steamships respectively, also lent their weight to the movement. Several chambers of commerce and industry as also their central Federation passed resolution condemning the anti-national proposals.

The issue was ventilated in a number of conferences and symposia. The most prominent of them was the symposium held under the joint auspices of the Commerce Graduates' Association and the Democratic Group of the Indian Merchants' Chamber of Bombay in May 1958. C. H. Bhabha, the first Commerce Minister of Free India, in a powerful speech on the occasion exposed the dangerous character of the Bill. Shipping, he said, is vital to a nation's very existence. Several countries of the world might have, *in theory*, permitted non-nationals to own 49 per cent, that is a minority interest, in companies running the shipping services. In actual fact, Bhabha emphasised, no such non-nationals have ventured into this field, for obvious reasons, in distant lands. It should not be forgotten that the relaxation of the so-called liberal attitude in these countries had been adopted only after large mercantile fleets had been built up by nations like U.K. and U.S., which dominated world shipping.

Sir Ramaswami Mudaliar was another former Commerce Minister who regaled the audience with the disclosure that although he was a member of the Viceroy's Executive Council in charge of shipping, he had to work under the thumb of a British Civilian so far as shipping was concerned. So anomalous became his position that he had to go to the Viceroy and tell him that he could not carry on his responsibility any more "unless this gentleman, a fellow-national of yours—a Scotchman—was replaced by some other person a little less biased towards Indian shipping!" Another Britisher was appointed as shipping Controller who knew nothing about shipping, but had the good sense to rely on the advice of two of his subordinates—both of whom were drawn from the Scindia Shipping Company!

This vigorous agitation could not but have its effect on the Government, which had a sneaking realisation all along that its stand was untenable. The offending provision was substituted by one which defined an Indian ship as one owned by citizens of India or by a company whose principal place was in India and at least 75 per cent of the share capital of which was held by citizens of India. However, a rider was added that the Central Government might alter the minimum percentage. This still left a loophole for mischief, but the fears of the shipping interests were allayed by the assurance of the Transport Minister that he would utilise the proviso rather to decrease than to increase the percentage of foreign participation. The controversy was resolved more or less to everybody's satisfaction and it was not revived even in 1963 when the Government of India amended the relevant clause of the Merchant Shipping Act to provide for foreign participation to the extent of 40 per cent.

An ironic footnote to this controversy may be added. The lone supporter of the original Bill was S. N. Haji who had devoted all his earlier life to the service of Scindias and Indian shipping. He was in retirement when the Bill was mooted and had entertained a plan to float an Indo-American Shipping Company with himself at its head. The company was actually registered but it had a still birth and nothing has been heard of the project since Haji's subsequent death.

This was not the first time that Sumati Morarjee led an agitation to safeguard the legitimate interests of the maritime industry. In

the previous year (1957) she was at the head of another campaign against the proposed subjection of the shipping industry to the Wealth Tax. Such campaigns are necessary to educate as much those in the shipping industry and the Government themselves as the lay public, as was candidly admitted by a former member of the Government, Sir A. Ramaswami Mudaliar, who is also the founder and chairman of the India Steamship Company.

As a memorandum submitted by the Indian National Steamship Owners Association to the Select Committee of Parliament on the Wealth and Expenditure Taxes Bill noted, it would have been iniquitous to impose the Wealth Tax on the shipping industry for four reasons

Firstly, it is an industry in which huge capital is involved and expansion can take place only in term of entire ships, each of them costing from Rs 80 lakhs to Rs 200 lakhs. If the industry's resources are depleted by the levy of a wealth tax, there would be no progress in the expansion of shipping, which is an important earner of foreign exchange.

Secondly, Indian shipping has to compete in the overseas trade with shipping of other maritime countries where there was no wealth tax. Its competitive ability in the international trade vis-a-vis foreign shipping would be seriously impaired.

Thirdly, Indian shipping was already suffering from three great handicaps as compared to British shipping which was one of its chief competitors in the international trade (i) There was no capital gains tax in the U.K. (ii) British shipping enjoyed an investment allowance of 40 per cent as against the development rebate of 25 per cent for Indian companies (iii) The total tax payable in the U.K. was less than in India. The other foreign flags with which Indian shipping had to compete enjoyed several benefits such as operational subsidies, tax concessions, etc.

Fourthly, if the market value of the assets of the shipping companies, viz., ships, would be taken for purposes of assessing wealth tax, it would lead to needless hardships. It would be impossible even for an experienced ship-valuer to determine accurately the market value of a particular ship on a particular date.

As admitted later by some of its members, the Select Committee had almost made up its mind not to exclude the shipping industry from the wealth tax and, therefore, it was not inclined to hear.

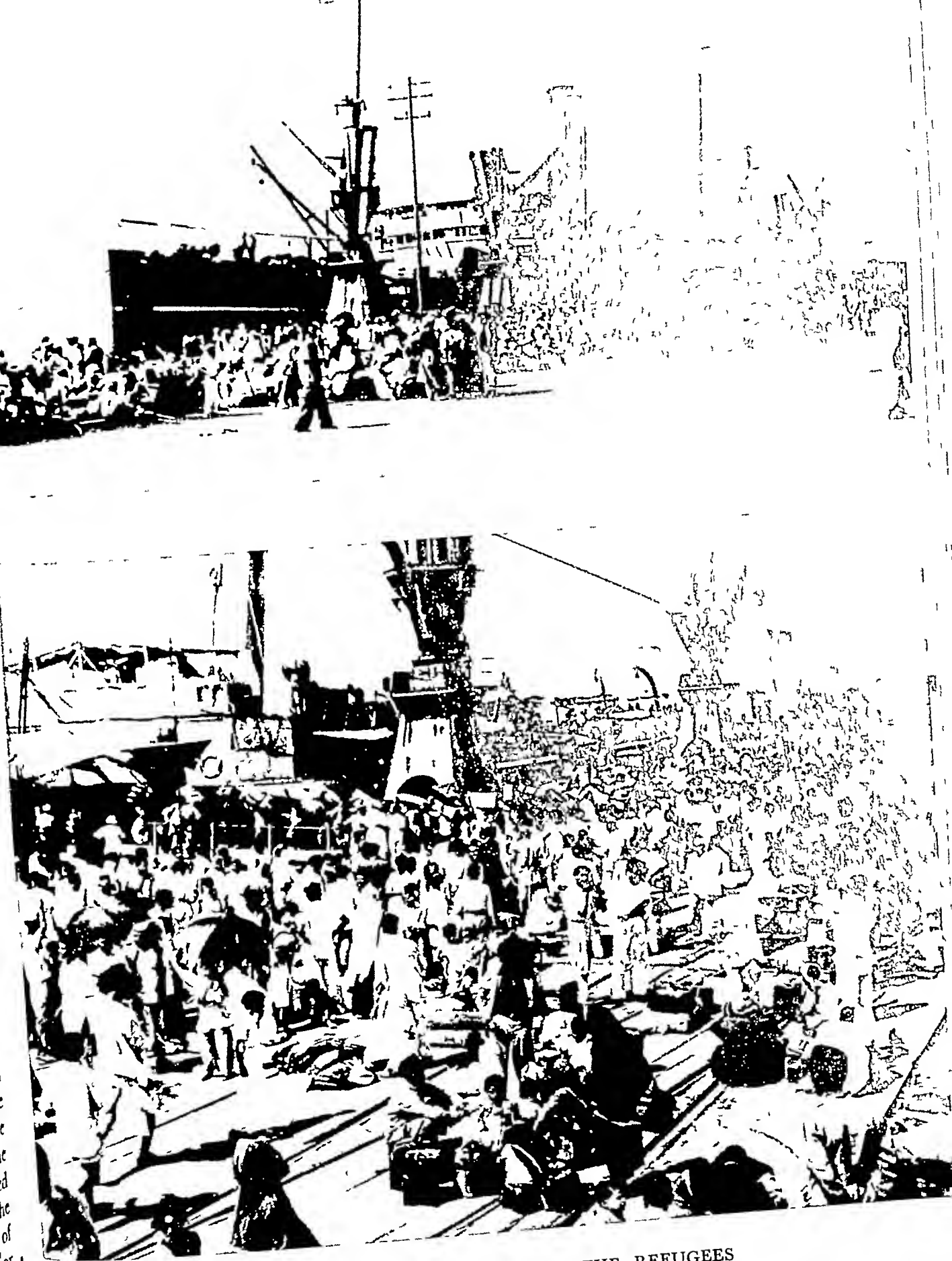
further evidence from an INSOA deputation. It was only because of the earlier contacts of Sumati Morarjee with its individual members and the superb advocacy of M.A. Master (who, then in retirement, was telegraphically invited to New Delhi to be the deputation's spokesman) that the Select Committee was prevailed upon to grant the exemption as required.

Hearty tributes were subsequently paid to Master for his able presentation of the INSOA's case as also for his lifelong service rendered to the industry. As Sir Ramaswami aptly put it, it seemed that Master was born as a shipowner and would continue to be so all his life. By his ceaseless advocacy of the industry, he had made himself a veritable "nuisance" to the Government. That was not the first occasion when he had come to its rescue. "What is necessary to us", Sir Ramaswami observed, "is that our countrymen must be educated before our Government can be educated, and Master is certainly doing that duty with a vigour which is unparalleled and with a thoroughness that is unquestioned." The Government of India fittingly recognised the services of Master to Indian shipping by bestowing on him the *Padma-Bhushan* award last year.

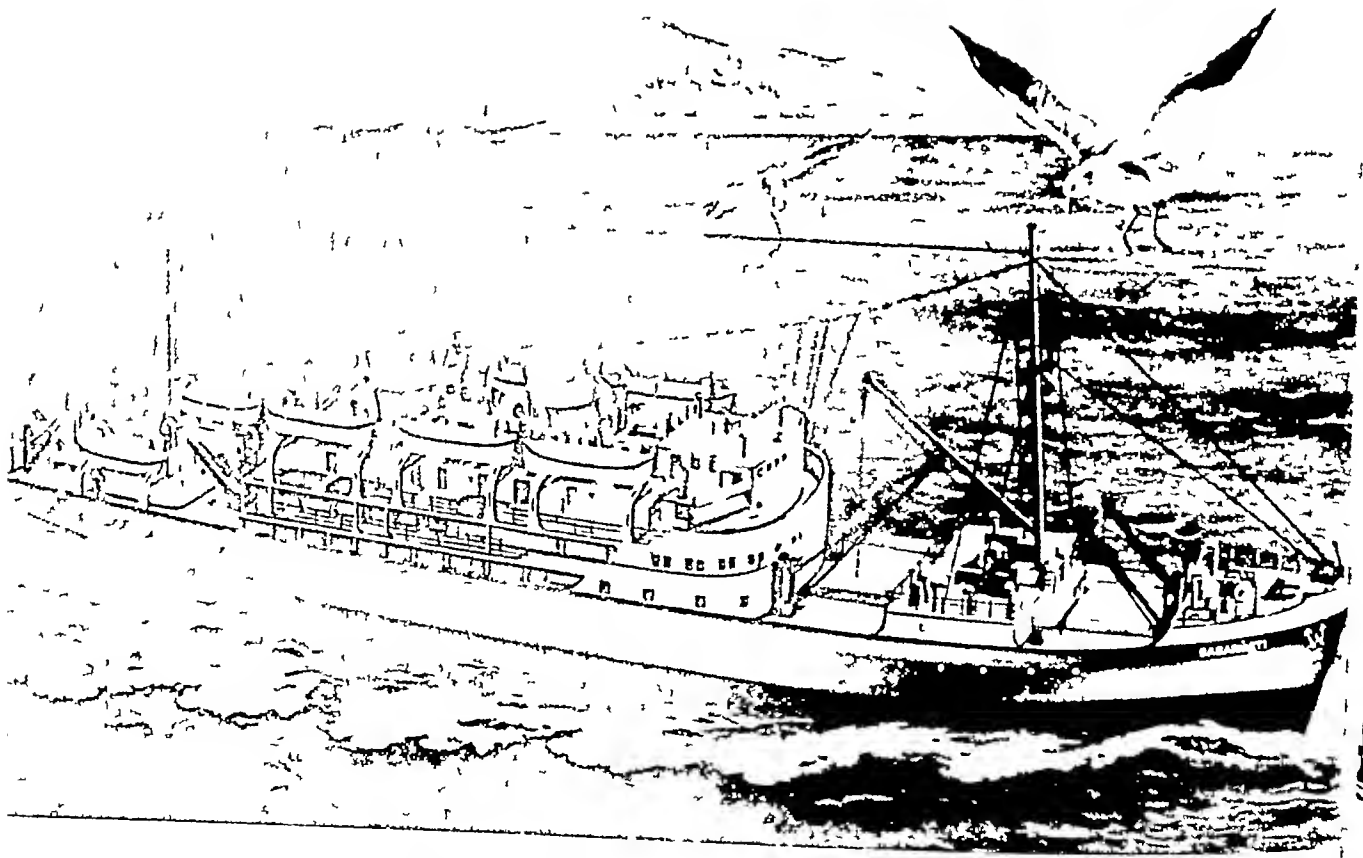
First Among Equals

IT WAS NOT long before the nation realised that it was not to be a case of attaining freedom and living happily ever after. In fact, as later years demonstrated, formidable problems and difficulties followed close on the heels of freedom. Once freedom's first flush was over, one grudgingly learned that unceasing toil and sweat and eternal vigilance were needed to safeguard and to translate political freedom into economic realities. As the nation in a wider context, so Scindias also realised in their own sphere that their troubles were not over and, as under the foreign rule, so in independent India, too, pioneering effort exacted its own penalties. While the hopes of the Company for recovering its Burma trade were becoming dim, the partition of this sub-continent, as the price of freedom, further lost it the coastal trade with Karachi and the eastern Pakistani ports. The passenger ships of Scindias and their associate companies were engaged in the transport of refugees from West Pakistan—at times free. Even after the main evacuation of refugees was over, they were directed to keep some of their ships as standby in case of emergency. During the immediate post-freedom period, therefore, Scindias had to work under the control and direction of the Government and helplessly watch the other emergent shipping companies snatching away chunks of the trade they had built on the west coast of India.

Secondly, Scindias soon found that the passenger service which they had established between India and the United Kingdom at the informal suggestion of the Government failed to collect the necessary cash whatever kudos it brought to the Company. The service was popular with the Indian travelling public and served as a roving ambassador of free India. But it lacked some of the amenities not to mention the luxuries associated with the liners of its long-established foreign competitors, which enjoyed open 'or .

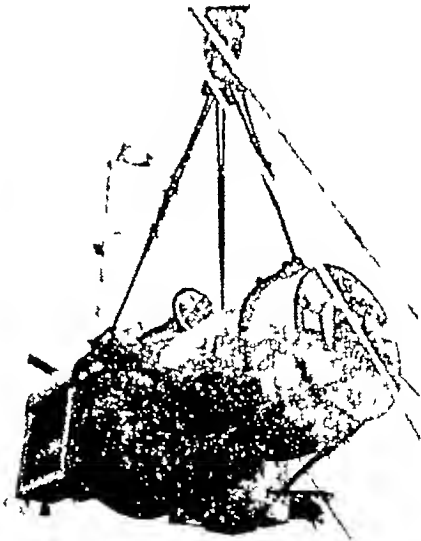
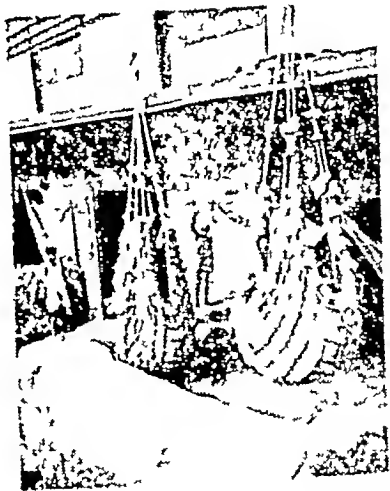
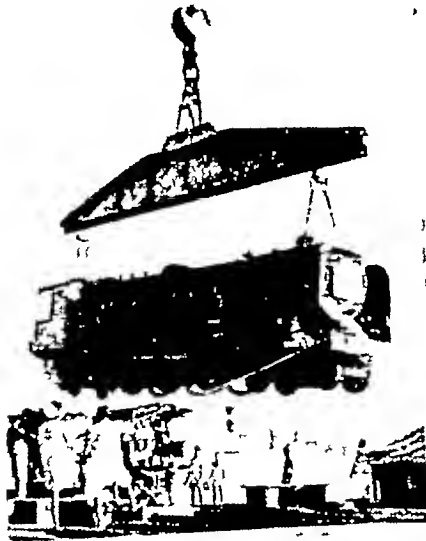
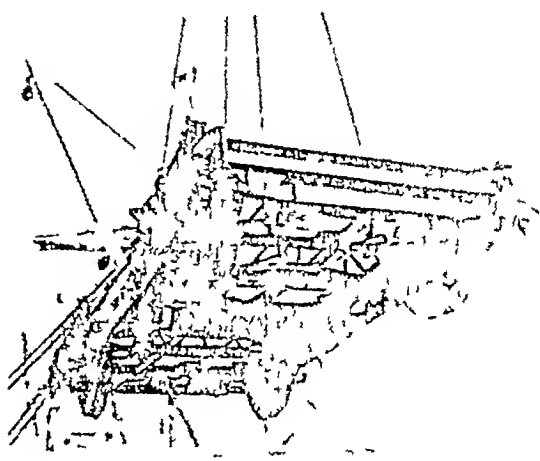
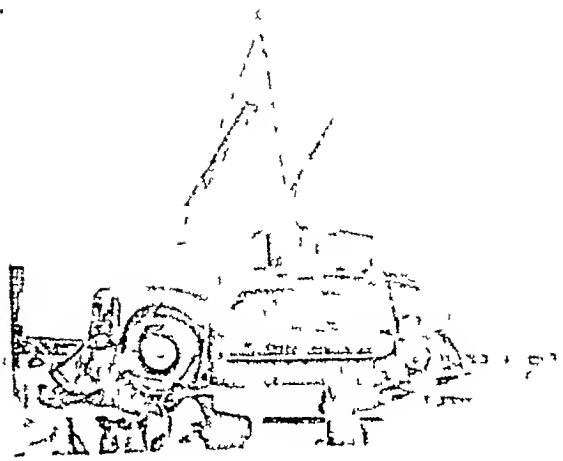
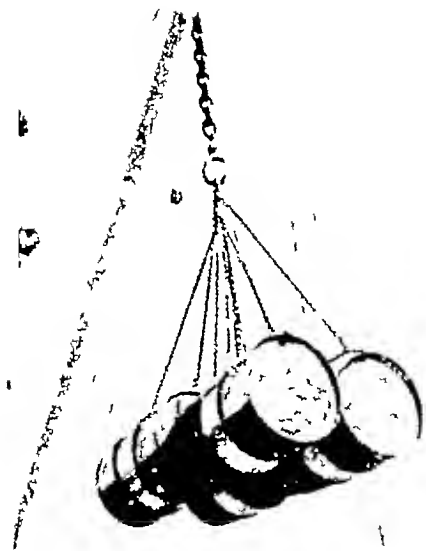


SCINDIA TO THE RESCUE OF THE REFUGEES
Thousands of migrants transported by Scindia ships from Pakistan to India, 1947-48

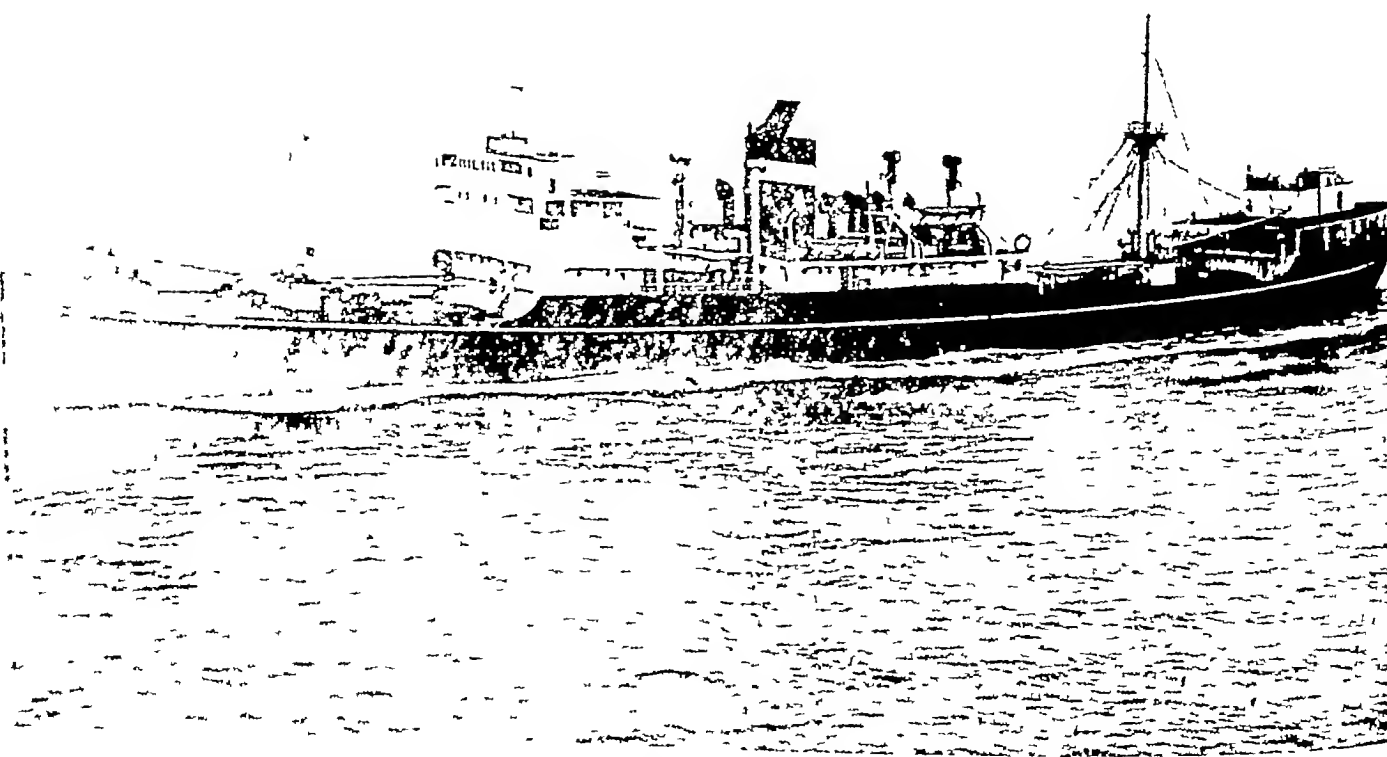


M A MASTER LAUNCHING "SABARMATI"
BELFAST, OCTOBER 19, 1948

"Sabarmati" was to face the first shot of Portuguese aggression before the liberation
of Goa, November 17, 1961



SCINDIA SHIPS CARRY ALL TYPES OF CARGO
 Scindia ships also carry India's message of peace and universal brotherhood to distant lands



SUMATI MORARJEE LAUNCHING "JALRAJENDRA"
GLASGOW, OCTOBER 26, 1950

"Our nation's history is not a matter of chance or of casual growth, it is a heritage that must be guarded jealously."

concealed subsidies from their respective governments. The Government of India, however, declined to extend any financial assistance to enable the Company to make good its losses. It was soon realised by Scindias that they could not maintain their India-U K. passenger service on an uneconomic basis solely for national prestige. Its closure, therefore, was inevitable.

The situation was further worsened by the short but fierce rate war which the Dutch shipping concerns suddenly unleashed in the India-U.K.-Continent trades despite their membership of the relative Conference. Along with the other members Scindias also suffered heavy losses in this rate war, which was amicably settled within a few months. Once again the Government of India declined to give any financial assistance to the Company.

While all these new liabilities and troubles were piling up, the old hindrances and restrictions imposed by the 1933 Agreement with the B I. continued to hamstring the Company. The Government had no doubt accepted the principle of coastal reservation for Indian shipping companies, but its implementation was yet in the womb of time. The B I continued to make hay while the sun shone though it was fast setting on the British Empire itself. While Scindias were meeting the challenge of the British shipping company as they best could, it was not for them to deny the new Indian shipping companies a share in the trade.

As regards the overseas trade, by and large, it was still monopolised by foreign shipping companies. The India Steamship Company of Calcutta began to participate in the India-U K -Continental routes which Scindias had entered in 1948. This service had not proved profitable to the Company in the early years owing to lack of the requisite tonnage and the restrictions on the export of some general cargo commodities. The formidable challenge which Scindias had to face on the overseas services due to lack of tonnage were detailed by Master in a speech early in 1949.

"It was British shipping that dominated India's overseas trades in the past and it is the same British shipping that is dominating the trade even today. The British lines which were engaged in the carriage of overseas trades of India just before the war owned a little less than 34,00,000 tons of shipping. The tonnage left with them after the war was only 14,00,000 tons. They, however, so adopted their building programme that this tonnage has been more than

doubled and the tonnage which they could ply in the overseas trades of India stood at 28,45,000 tons on July 1, 1948. Once British tonnage regains its powerful hold over India's overseas trade, it would be almost a Herculean task for India to reach the target of two million tons gross and to operate that tonnage economically in the overseas trades of India in the next five to seven years despite the help that the national Government would give and all the courage and enterprise that Indian shipowners could show. That is why India should explore all the possibilities of adding to her present tonnage and that too substantially and quickly so that she may not miss the target which the Government have placed before her."

The cumulative consequence of the rapid expansion, including the development of shipbuilding, added to the difficulties mentioned above had overstrained the Company's resources. In two successive years, 1948-49 and 1949-50, Scindias suffered a loss, that of the earlier year alone amounting to Rs 58,28,597. The loss was due primarily to the abnormal delays in the turn-round of the ships and lower average rate of freight carried. The following year's losses were due further to the devaluation of the rupee, uncertainty about the import and export policies which affected shipments and unsatisfactory position regarding allocation of bulk cargoes like coal, which kept the Company's ships unemployed for 637 days. Acute labour troubles aggravated the situation.

Scindias sorely missed at this juncture the guidance of Walchand whose illness compelled his retirement from their chairmanship on January 18, 1950. The Walchand era thus ended twenty years after the death of Narottam. All the four men who had joined hands in 1919 to found the Scindia Steam Navigation Company had now departed. Kilachand Devchand on March 18, 1929, Narottam Morarjee later the same year and Lalubhai Samaldas in 1936. While Narottam died before the fulfilment of his ambitions, Walchand was more fortunate in seeing his dreams on Indian shipping come true. The position which Scindias and Indian shipping commanded in 1949—or even today twenty years later in 1969—is due primarily to the vision and endeavour of these two pioneering men—Narottam and Walchand. The latter took over the helm of Scindias in 1929 and his twenty years stewardship will ever remain momentous in the annals of the Company. He was bold in conception, quick in decision

and unremitting in execution. Few other Indian industrialists of his time could match his spirit of enterprise, his constructive ability, his practical vision, courage and dynamism.

Walchand was an ardent patriot and he shared Jamsetji Tata's faith that political freedom would be meaningless without economic independence and industrial self-sufficiency. He devoted the best years of his life to the revival of Indian shipping, but he was also a pioneer in starting the automobile and the aircraft industry in India. The economic regeneration of India was the burning passion of his life and his example continues still to inspire his associates.

It was not easy to find a successor to a dynamic personality like Walchand Hirachand's. But Scindias were fortunate that a top-ranking and seasoned industrialist like Dharamsey M. Khatau should have agreed to become the chairman, a position which he graced till December last year, when he retired owing to ill health. (Since then Krishnaraj M. D. Thackersey, an eminent businessman, is chairman.) The Board of Directors was further strengthened by taking in some well-known industrialists and financial experts. The Government of India also loaned to Scindias the services of an experienced officer of the Indian Civil Service, Mr. N. Dandekar. The transition in the top direction and management of the Scindias more or less synchronised with the larger political change-over in the country. With freedom (and the later retirement of Walchand) the role of the Scindia Company also underwent a sea-change. Until 1947, it was the spearhead of Indian shipping in the fight against vested British interests. It was also its spokesman in discussions with the Government, in legislatures, in press and on platform. It served as the good Samaritan to all shipping companies in distress. It was the undoubted leader of Indian shipping. *In fact, for nearly three decades Scindia was Indian shipping.* The identity was complete, universally accepted.

Naturally, after 1947 Scindias could no longer arrogate to themselves such a role. They no doubt remained the foremost Indian shipping company. They still retained their pioneering spirit, their readiness to champion the interests of shipping, their willingness to help those in need. But henceforth Scindias could only be *primus inter pares*—first among equals—, assume leadership only when asked. Again, in championing the interests of Indian shipping with the Government, they had to bear in mind that it was a Government

of our own people, that however, mistaken or irksome its policies might be at times, they were honestly meant to serve the larger interests of the nation and that the Government had always to balance the claims of one industry with those of another. Moreover, the ideal of a socialist welfare state demanded sacrifices from the better-off sections of the community in the interests of the weaker. All these considerations called for self-restraint and circumspection, for a curb on zeal and for temperance in language and action. It is in some ways easier to criticise and oppose a foreign regime than a popular government.

The dilatory and indecisive attitude of the national Government of free India towards Indian shipping was highlighted by the fact that it took them three long years to give effect to the principle of coastal reservation, which was accepted even before they came into power and was reaffirmed by them soon after. The pros and cons of the demand had been ventilated since 1923 and there was no valid reason at all why a decision on the issues should have been deferred until 1950.

It was exactly three years after the advent of freedom that the Government announced on August 15, 1950. "The question of reservation of the coasting trade of India for Indian shipping has been under the consideration of the Government of India for some time. While in recent years a number of Indian ships have entered the overseas trades, Indian shipping has also had the benefit of increased participation in the coastal trade. It is estimated that the coastal cargo carried by Indian shipping amounted to 53 per cent during 1948, 62 per cent during 1949 and a little over 75 per cent in more recent times as compared with 33 per cent before the war. Indian tonnage on the coast or based on it, owned or chartered, now stands at 247,113 tons. This tonnage is considered an adequate base for meeting the present requirements of the coastal trade.

"It has been, therefore, decided that steps should be taken with effect from August 15, 1950, to implement the policy of complete reservation for Indian shipping in planned stages so as to secure complete reservation at the earliest practicable date. It is hoped that this process would be completed within a period of one year. During the period, as also later, the licensing policy will be so administered as to secure national interest in the matter, of

transport, by permitting tonnage from other sources to ply on the coast, to the extent considered necessary."

In a memorandum presented to members of Parliament, Scindias welcomed the Government's announcement but stressed the need for State aid to Indian shipping for full and efficient carriage of coastal trade. Apart from problems of cargo availability, rates of freight, operational costs, etc., the main hurdle in the expansion of Indian shipping was that of finance. Having regard to the industry's inability to attract fresh capital from the investing public, it deserved to be immediately assisted by the Government with loans at nominal rates of interest. The Federation of Indian Chambers of Commerce and Industry backed this demand in its annual session in 1951. The Federation also recommended further financial assistance in the shape of construction bounties for ships to be built at the Vizag shipyard.

It actually took two years more for the Government to implement its decision fully. It was only in August 1952 that the last foreign ship ceased to ply in the coastal trade of India. Scindias had by then already formally terminated the Tripartite Agreement of 1933 with the B.I. and the Asiatic. They also took the lead in forming the first Indian Coastal Conference whose membership was reserved only for Indian shipping companies in 1951. The Scindia Company was appointed the first secretaries of the Conference and a Scindia representative became its first chairman. Scindias's thirty years' agitation and struggle were crowned with success, the fruits thereof being shared by the entire Indian shipping industry. The foreign monopolists had at last departed from our shores, but the Indian shipping companies were soon to be faced with other trials and tribulations in the coastal trade, as we will see in a later chapter.

Bequest to Nation

SINCE ITS RETURN to Visakhapatnam in 1945, the Scindia Shipbuilding Yard was making a slow and somewhat painful progress. Keels were laid, as noted in an earlier chapter, for two 8,000-tonners in the middle of 1946 but work on them was hampered at every turn by shortages of material, paucity of trained workers and also financial stringency. It was already becoming evident that their construction cost would be higher than that of similar ships built in more advanced countries but this was inevitable under the circumstances. Scindias were determined to show to the world that India could build as good ships as any other nation and their chairman was not a man to withdraw his mind from whatever enterprise it was set on. On the other hand, he was actively seeking ways and means to reduce the construction cost of his ships by increasing the capacity of the shipyard and streamlining its working in every possible way.

The establishment of a national Government in 1947 naturally engendered new hopes about the progress of the ship-building yard. The chairman explained to the meeting of shareholders in November 1947 the factors that were responsible for delay in completing the ships under construction. Referring to the target of two million tons set before the country, he appealed to the Government to give top priority to the availability of material and finance so that the Scindia Shipyard would be able to give its quota to the additional tonnage. He also made a special appeal to the Minister of Industry and Supply to give urgent and sympathetic consideration to the requirements of the ship-building industry so as to put it on a sound and healthy footing. The Government were themselves then toying with the idea of starting a shipyard in the public sector or at any rate of setting up a Shipbuilding Corporation. In January 1948, c-

the Board of Directors authorised the chairman to propose to the Government that

- (1) the Scindias would be prepared to hand over the undertaking to the Government, if they so desire, at the actual cost incurred by the Company up to date ,
- (2) the Company would be prepared to undertake the management of working the shipbuilding yard on mutually agreed terms

or

- (3) the Company should be given the necessary protection for the development and economic working of the shipyard

In case the above suggestions were not acceptable to the Government, Scindias were prepared to join the proposed shipbuilding Corporation. The directors of Scindias conducted negotiations with successive Ministers of Industry, but it took nearly three years for the Government to arrive at a final decision and one more year actually to take over the shipyard in 1952. Speaking with hindsight, even this seems to be fairly satisfactory considering that the second shipbuilding yard at Cochin, which has been on the tapis for nearly a decade, is yet nowhere in sight !

It was a red-letter day in the history of the Scindia Shipyard when the Prime Minister of Free India launched its first ship ss "Jalausha" on March 14, 1948. It was, as Sardar Patel said later on a similar occasion, in itself "a triumph of persistence over adversity, of faith over scepticism and of hope over despair". In his welcome speech, Walchand reminded Jawaharlal Nehru of how he was a silent spectator when his father had launched another Scindia ship at Glasgow 19 years earlier, recounted to him what progress Scindias had made since then, what difficulties and obstructions they had to encounter in the construction of a shipyard—a vital necessity for every maritime country—and what hopes Indian shipping reposed in free India and its Government. After launching the ship, the Prime Minister recalled the glorious times when shipbuilding was a premier industry of India. "As I was watching the good ship 'Jalausha', launched into the sea", Nehru said, "I thought that the ship of State is entering into the sea". Then he gave the categorical assurance

"Shipbuilding industry in India will not suffer and will go on at all costs and at every cost. Rest assured that the Government

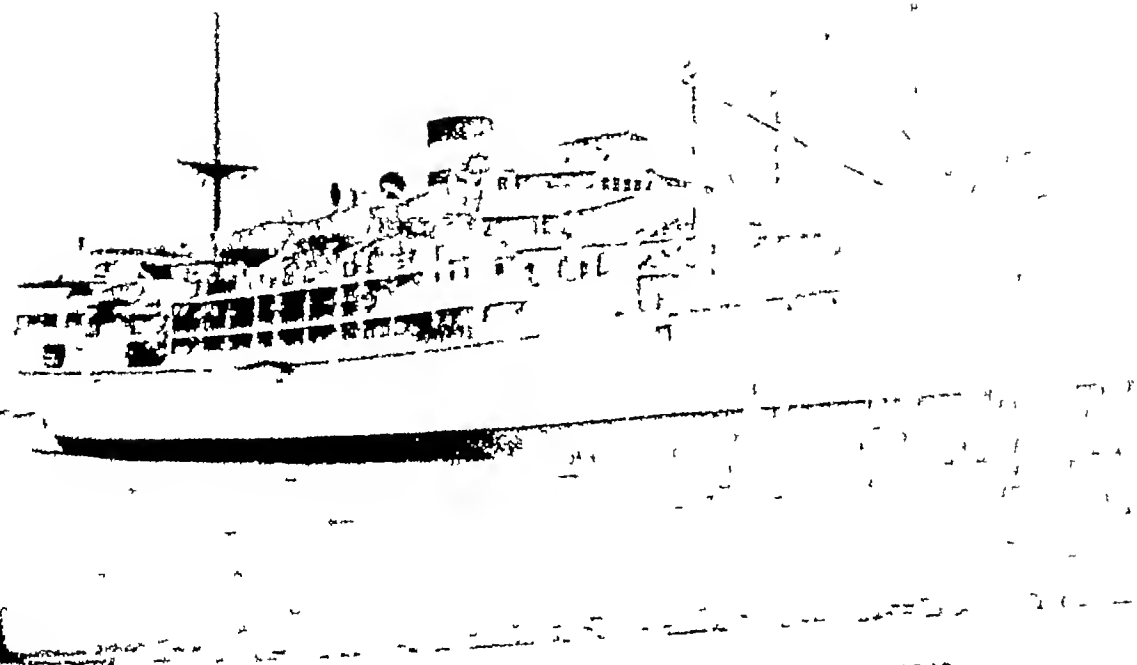
is intimately interested in encouraging the industry We are beholden to Scindia Company for the enterprise it has shown in the past. The Government is going to encourage the industry."

The "Jalaprabha" was launched eight months later on November 20, by the Deputy Prime Minister, Sardar Patel. Requesting Sardar Patel to launch the ship, the chairman outlined the progress the shipyard had made, having reached a stage when three 8,000-tonners could be built annually. There was, however, a long and difficult way yet to go before the yard could be completed with five additional slipways and fully equipped workshops for manufacturing engines and boilers. Despite the uneconomic financial aspect of the industry, the chairman stated, the Scindia Company had spent over Rs 4 crores in bringing the Vizag yard to its present stage. "We are continuing our efforts in full confidence that the Government will come to the rescue of this basic industry with a view to its full development", Walchand continued. "While the Government have recognised the importance of the shipbuilding industry by giving it a high place in their Industrial Policy on April 6, 1948, today we have a feeling of disappointment at the slow pace of further development of the Vizag yard though it is the first and only major unit of this industry in the country. In our estimation, about Rs 10 crores will be required to complete the shipbuilding yard at Vizagapatnam according to plan."

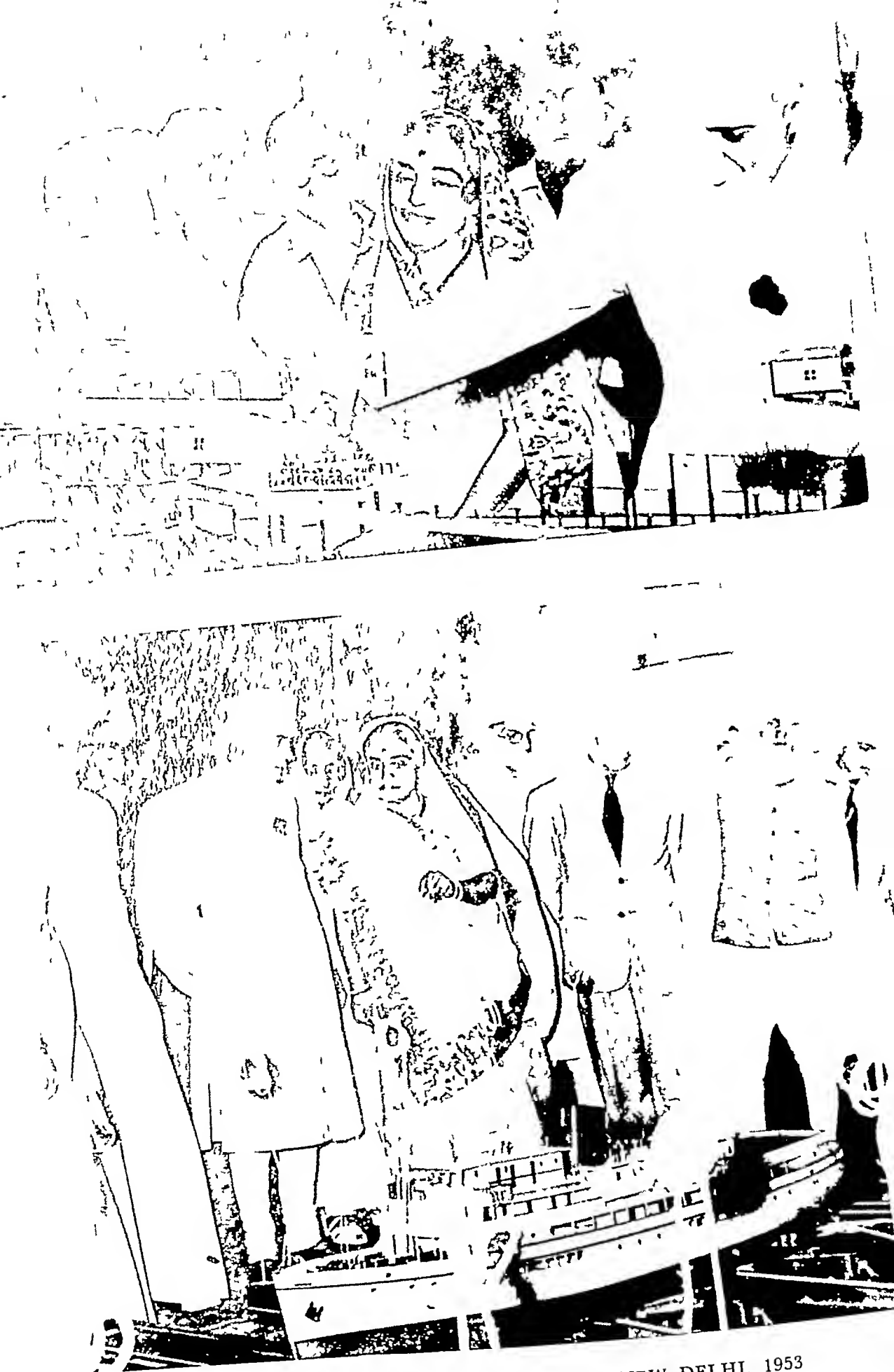
Walchand then referred to the observation in the report of the chairman of the Shipbuilding Panel appointed by the Government in March 1945.

"The Scindia Shipyard at Vizagapatnam has been constructed in spite of formidable difficulties and this Company has shown great courage and enterprise in undertaking a venture of this sort. If this Company failed through lack of adequate assistance, financial or otherwise, the development of shipbuilding in India for many years would be seriously impeded. I, therefore, consider that this Company should be given every assistance and encouragement for the early completion of their yard in Vizagapatnam and adequate financial and expert assistance for building ships."

Concluding his speech, Walchand appealed to the Deputy Prime Minister to translate official assurances and promises speedily into action. Sardar Patel was an old and trusted friend and well-wisher of Scindias. Paying a hearty tribute to their enterprise, he observed



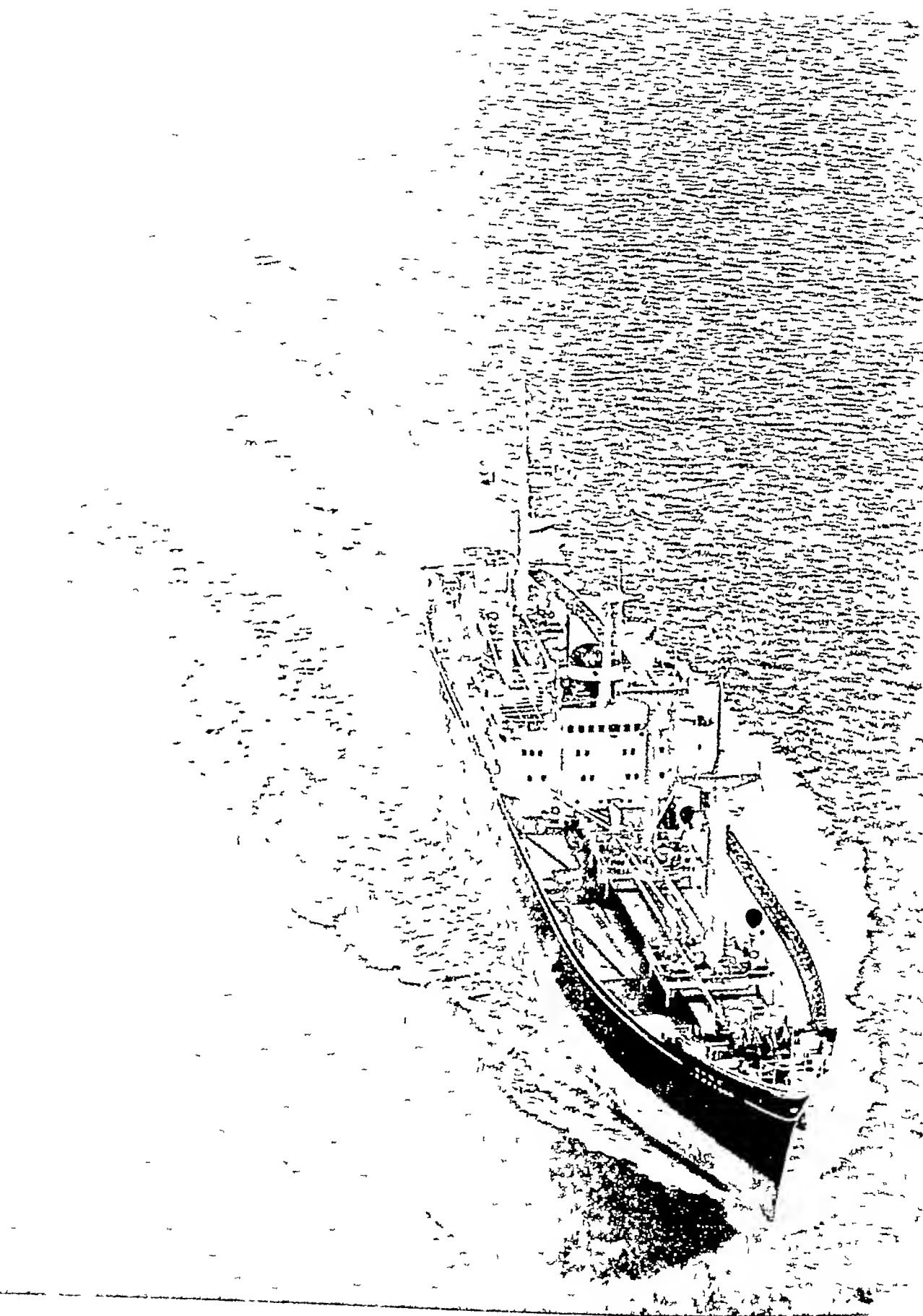
PASSENGER LINER "JALAZAD" 1948
The company again ventured into India-UK passenger service



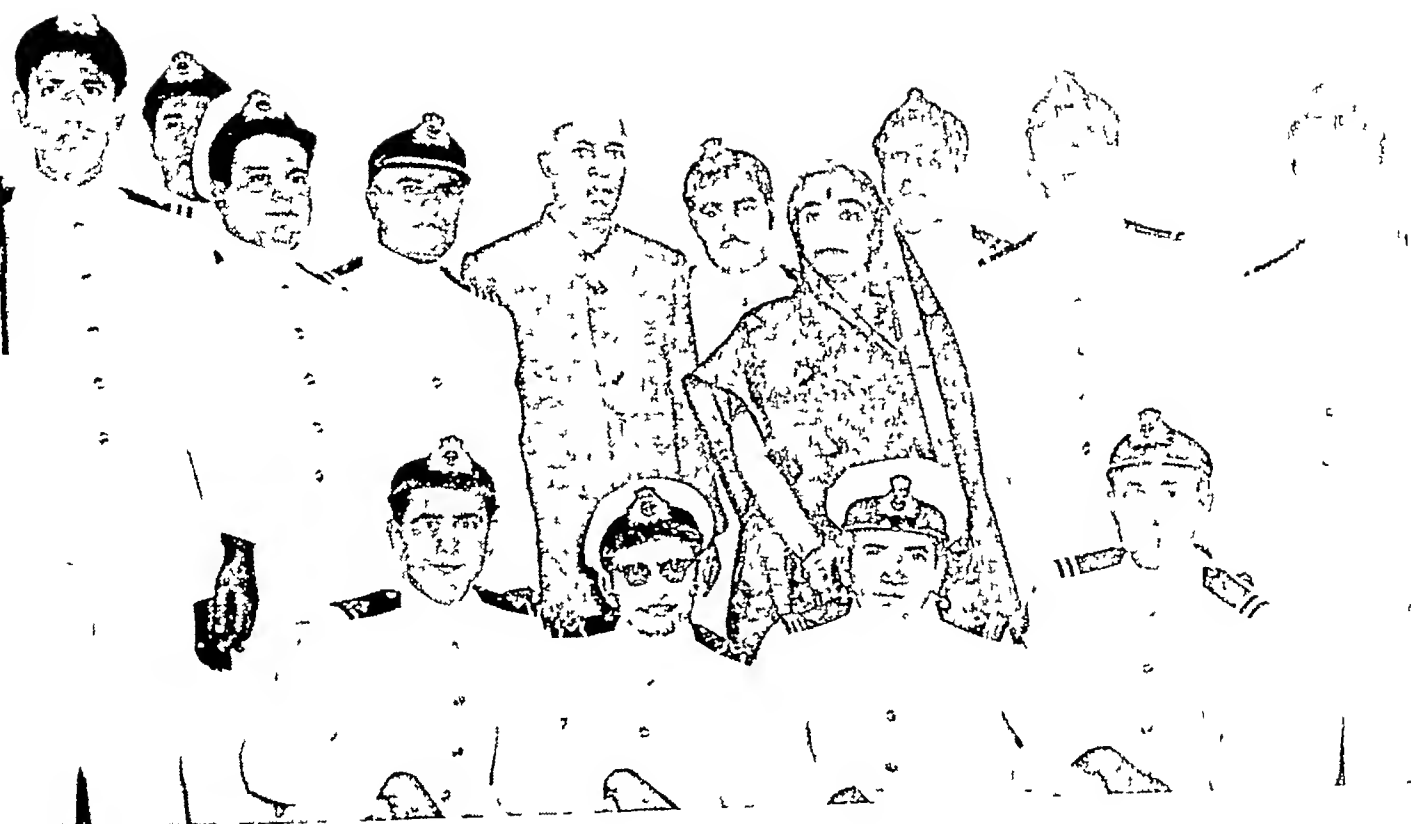
JAWAHARLAL NEHRU AT THE SCINDIA PAVILION, NEW DELHI, 1953
The Prime Minister visited the Scindia Shipping and Shipbuilding exhibition illustrating Indian shipping through the ages



THREE GENERATIONS
Jawaharlal Nehru and Indira Gandhi study the panel showing Motilal Nehru launching Scindia's "Jaladuta"



CARGO MOTOR SHIP "JALAKIRTI"
'Our fleet is expanding and horizon widening'



PRIME MINISTER'S HOUSE
NEW DELHI

No. 1347-PMH/58.

June 5, 1958.

My dear Sumatibehn,

I am glad to know from your letter of 4th June that the Scindia Company is re-starting the India-U.S.A. service. This is indeed an important occasion and I send you and the good ship that will start this service all my good wishes.

Yours sincerely,

Jawaharlal Nehru

JAWAHARLAL NEHRU ON BOARD THE "JALATAPI" AT BHAVNAGAR,
JANUARY, 1960
INAUGURATION OF INDIA-U.S.A. SERVICE
JULY 1, 1958
Jawaharlal Nehru sent his good wishes on the occasion



SCINDIA WORKSHOP

HORIZONTAL BORING MACHINE & TRAWLER UNDER CONSTRUCTION
 In addition to ship-repairing, Scindia Workshop undertakes building of Boats, Barges & Trawlers General Engineering Work and manufacture & repairs of MacGregor Hatch Covers

For details: Bored and repaired by (for ship). — For 35' x 10', G. M. sublet

"The Government have recognised ship-building as an industry of great national importance and, under the policy announced in April last, the Government themselves propose to undertake new construction. At the same time, Government recognise that existing undertakings have to be helped to expand and develop in accordance with a well-considered and carefully chalked out plan. They are also aware of the expansion plans under which Scindias envisage the creation of a modern ship-building yard with six to eight berths together with workshops for the manufacture of engines and boilers. We also realise the difficulties, financial and otherwise, which necessitate the assistance and co-operation of Government if this expansion is to materialise. Shri Walchandbhai has also referred to the assistance which other countries are offering to their own indigenous shipping industry. I can assure him that we are alive to all this and will consider his proposals in this regard with the greatest sympathy and expedition."

Sympathy there was in abundance, but expedition in giving effect to it was lacking despite the assurance of two top men of the Government. For, year after year, whenever a new ship was launched the Scindia chairman had to repeat the same old tale of woe—only it was getting longer and more woeful! On March 20, 1951, on the occasion of the launching of the "Jalaputra", the chairman, Dharamsey M. Khatau, frankly confessed that a stage had been reached when Scindias could no longer finance even the working requirements of the industry, much less its further development. All the help it had received in the previous four years from the Government was in the shape of orders for six ships in two lots. But instead of granting a construction differential subsidy equal to the excess of Indian production cost over the U.K. cost as demanded, the Government had fixed a price such as would leave no margin over their cost, let alone by way of profit, even by way of interest on the capital employed. The Company had thus received no return whatever all these years on its huge outlay and the shipyard was actually causing a grave financial embarrassment to its main business and a serious obstacle in the way of the modernization and expansion of the Company's fleet of ships.

Despite the shortcomings of the Scindia Shipyard, the ships constructed there had received the highest classification from Lloyds. A French ship-building firm of long standing and high repute, which

the Government of India consulted in 1949, had expressed its opinion that the Scindia Shipyard was essentially sound and could be developed into an efficient and economic unit. Despite all these testimonials and the increasing financial burden on the Company, the negotiations over its future dragged on for months on end and it was only after the publication of the Draft of the First Five-Year Plan that a decision for Government's take-over was arrived at. A new company "Hindustan Shipyard Ltd" was registered on January 21, 1952, with the Government of India holding two-thirds share of the capital and Scindias the remaining one-third.

The shipyard was handed over to the new company on March 1, 1952. By then Scindias had built eight cargo ships of 8,000 dwt tons each. At a general meeting of the Company on February 8, 1952, the chairman, Dharamsey M. Khatau, reported to the shareholders: "We have arrived at the end of yet another unique chapter in the history of the Scindia Company. We shall soon be divesting ourselves of the very onerous duties and responsibilities of running one of the major industrial projects of this country, the importance of which need no longer be repeatedly emphasised. It is enough to say that between Suez and Hong Kong, it is the only shipyard capable of building modern ocean-going vessels, both naval and mercantile, such as India needs urgently and in large numbers."

"The burden of planning, founding and operating this industry has been carried for some twelve years now by the Scindia Company. Except for some, though by no means insignificant assistance from the Government, during the last two years, Scindias have borne the burden single-handed. Financially, they have made nothing out of it. On the contrary, it has imposed a heavy strain upon their resources both of money and man-power."

"It would be idle to claim that they have done a faultless job of it, in any absolute sense, indeed a hyper-critical survey in retrospect may show that there have been lapses and even, perhaps, mistakes on occasions. But such carping post mortem would miss the real issue; for I am confident that any dispassionate assessment of the work done and the results achieved in the field of ship-building so far would show that Scindias have done their best having due regard to all the circumstances, and I think it would be conceded that no one would reasonably expect us to have done better than the best we were capable of."

Four years later, in 1956, Scindias decided to dissociate themselves from the Hindustan Shipyard and requested the Government to release their investment in its shares on the understanding that the amount so released would be utilised by Scindias for purchase of ships built at the Vizag Shipyard. It took four years more for the Government to agree to the purchase of Scindias's shareholding in the Hindustan Shipyard Ltd, at a stipulated price. Ultimately, however, the Company had to sell these shares to the Government at a loss, thus washing its hands off a daring enterprise on which it had once set such high hopes and which it carried through to success in spite of numerous handicaps and obstacles.

The history of the Scindia Shipbuilding Yard can be put in a nutshell as follows. Conceived in 1919, born in 1941, dislodged in 1942 and restored two years later, the shipyard began to function in 1946, came to fruition in 1948 and was given in adoption to the Government of India, who re-named it the Hindustan Shipyard Ltd, in 1952.

The Scindias have nothing to do with the shipyard now except watch its growth with a distant solicitude. But it was perhaps the finest gift they could give to free India, a truly noble bequest of Walchand Hirachand to the nation. His achievement in founding the ship-building yard is as memorable as that of Jamsetji Tata in establishing the Tata Iron and Steel Works—with this difference that while there are now a number of other Indian plants producing iron and steel, the ship-building yard at Visakhapatnam still remains unique. (Mazagaon Dock stands in a special category.) The bust of Walchand set up in the yard is a befitting commemoration of a great industrial pioneer.

Too Late, Too Little

IT IS ONE OF the greatest ironies of the history of Indian shipping that Scindias, who fought a Homeric battle for the reservation of coastal trade for Indian ships during a foreign regime, should not only have desired to get out of that trade but have had to struggle towards that end under a national Government. The earlier efforts of the Company have been described in the foregoing pages. The latter melancholy tale begins almost in the year when the previous 30-year campaign was crowned with success and the British India and the Asiatic had to make their exit from the Indian coastal scene. Having carried the fight to a victorious conclusion, Scindias knew that a major responsibility for the smooth carriage of coastal trade would devolve on them. In his annual speech to the shareholders in 1947, the chairman stated that not only was the Company making an appropriate disposition of its coastal fleet but that it was also planning ahead for the necessary expansion of tonnage to take the place of British shipping. For that purpose the Company would require at least 8 to 10 additional ships.

At the end of 1952, the coastal trade was served by 88 Indian ships totalling 255,000 GRT and a few chartered ships totalling 30,000 GRT. The employment of the latter, however, was discouraged by the Government and chartered ships were gradually eliminated from the coastal trade. The term "coastal trade" traditionally included the adjacent trade, i.e. India-Burma, Burma-Ceylon, India-Ceylon and for a short period after partition also the India-Pakistan trade. Owing to historical reasons, all these latter trades were virtually lost to Indian shipping and it was left only with the Indian coastal trade proper which averaged around 2.5 million tons per annum in the decade ending 1960. The expected expansion of coastal trade was a slow process and it was thought that the tonnage targets set by the first two Five-Year Plans

(3 20 lakh tons and 4 12 lakh tons respectively) would satisfactorily meet all the requirements of coastal trade

Apart from the shortfalls of 0 20 lakh and 1 44 lakh tons in the first two Plans which came into the picture later, various snags began to surface in the smooth functioning of coastal trade right from the time it was reserved for Indian shipping. In the first place, the Government failed to evolve a policy of fair allocation of cargo between railways and shipping. Secondly, they adopted a policy of freezing freights at uneconomic levels as long as they could. Thirdly, even when increases in freight were allowed following a number of official inquiries and reports, they were always too late and too little. The cost of new ships and the expenses of handling cargo thus always remained a long jump ahead of the freight allowed. Inflation is a world-wide phenomenon and no single government can control it. That is why Indian shipping companies have always pleaded for the acceptance of the principle of automatic adjustment between costs and freights which the Government is unwilling to concede.

Constituting about 40 per cent of coastal cargo, coal is the life-blood of Indian coastal shipping. The rates of freight for coal were fixed in 1952 on the understanding that the shipping companies would be allocated 17 colliers per month. Within the next two years, however, the Coal Commissioner found that he would require only 14 colliers—or less—from June 1954. The Government expressed their readiness to divert more coal from rail to sea if only the freight was reduced by the shipping companies. This was unfair, to say the least, considering that no such reduction was contemplated by the Government in the freight rates of railways which were a State monopoly. The pleas of the Indian Coastal Conference to the Government to co-ordinate the two modes of transport—rail and sea—with equitable allocation of cargo, adjustment of carriage rates and arrangement for through booking were ignored until 1955, when the Rail-Sea Co-ordination Committee was appointed under the chairmanship of Justice N. S. Lokur.

Pending the report of the Committee, the Government allowed a tardy 5 per cent increase in the freight as against the 10 per cent fixed by the Indian Coastal Conference in April 1955. Gradually, so serious the issue of coastal trade became that it had to be dealt with in almost every annual speech of Scindia's chairman. In 1956

he pointed out that although the coastal trade had been reserved for national shipping, the measures taken by the Government had achieved little success in promoting the development of Indian shipping or ensuring its economic working. While the expansion of coastal shipping was necessary to cope with the increasing demand as also to relieve the pressure on the railways, the purchase of new or even second-hand ships entailed a prohibitive burden. The standard price of a coastal ship had increased in the previous five years from Rs 44 lakhs to Rs 80 lakhs.

The chairman estimated that taking all factors into calculation, the increase of 5 per cent in freight allowed by the Government would not cover even one-fifth of the increase in operating expenses. The appointment of the Rail-Sea Co-ordination Committee was more or less forced on the Government by the pressure of public opinion and of the Planning Commission. An earlier Study Group had reported that while the Railways had overshadowed the other means of transport by expanding vastly as a result of the encouragement given to them by official policies adopted over a hundred years, revival of interest in the other modes of transport had still to acquire momentum.

The Rail-Sea Co-ordination Committee devoted nearly two years to an exhaustive study of the question after considering the submissions of all the interests concerned, viz the Railway Board, the shipping industry, Port Trust authorities and Chambers of Commerce. Its report was an admirable document balancing as it did the due interests of both railways and shipping. Among the main recommendations of the Committee were: an additional 840,000 tons of cargo for coastal shipping to be found by promotional means, a general enhancement of 15 per cent in the coastal freight rates over the rates obtaining on October 15, 1955 (as against the 28 per cent demanded by the shipping companies), the revised rate to be in force for two years, after which the matter be reviewed in the light of conditions existing then, and the restoration of the inherent advantage and competitive position of coastal shipping by reducing the terminal costs due to delays in and inefficient working of the ports.

A full and speedy implementation of the main if not all the recommendations of the Committee would have given a shot in the arm to the coastal shipping trade, but, as usual, the Government

resorted to procrastination while the condition of coastal shipping steadily worsened. They eventually allowed a measly 10 per cent increase in the freight rate (i.e., only 5 per cent more than what was already permitted). They took further positive action only when it was found that the Railways were unable to cope with the growing traffic leading to bottlenecks at various key centres. A number of industrial units, including steel plants, kicked up a row that the inadequate supply of coal by the railways was forcing them to cut down production. The Government consequently offered the carriage of an additional million tons of coal to coastal shipping. But before then the situation had deteriorated so gravely as to compel the Scindias's chairman to state in 1960 that coastal shipping was facing almost a crisis of existence and that unless the recommendations of Rail-Sea Co-ordination Committee for the diversion of bulk cargoes to the sea route were implemented, its future was gloomy.

In response to this clamour and also in keeping with a suggestion of the Rail-Sea Co-ordination Committee, the Government appointed another one-man Committee of R. G. Abhi in 1961 to go into the question of freight increase for coastal shipping. As official Director of the boards of such shipping companies as had taken loans from the Government, Abhi had an intimate knowledge of the economics of coastal shipping. His recommendation for an increase of 15 per cent in the freight rates (as against the 37.70 per cent asked for by the shipping companies) should have therefore been implemented in full by the Government. Instead, they allowed an increase of only 10 per cent in the case of the most important coastal traffic, viz. carriage of coal from Calcutta to ports upto Cochin, and 15 per cent for the other cargoes. Since then, there have been two more reviews of the freight rates of coastal shipping, first by T. S. Parasuraman in 1963-64 and the second by a Maritime Freight Commission in 1966-67. But the action taken by the Government on both reports has fallen short of expectation of the shipping companies. The hopes entertained by the Rail-Sea Co-ordination Committee still remain unfulfilled, as admitted by the Transport Co-ordination Committee of 1966. Meanwhile, the position of the companies engaged in the coastal trade is progressively going from bad to worse from year to year as is evident from the following authoritative pronouncements of Dharamsey M. Khatau, chairman of the

Scindias, in his annual speeches from 1964 to 1967 during which there was a world recession in shipping :

1964: "I had expressed the hope last year that the report of Shri T S Parasuraman as a one-man Commission to review the coastal freight rates would embody recommendations that would put coastal shipping on an economic footing. I am afraid this hope has not yet been realised and it would seem, is unlikely to be realised for some time yet. The Commission has recommended an increase of only 5 per cent in respect of coal moving from Calcutta to ports upto Cochin. You will recall that a recommendation to this effect had been made in 1962 by Shri R. G. Abhi's Commission and that recommendation was not accepted by Government. Moreover, it was our view even in 1962 that the increase proposed would not be adequate. There can be no two opinions that the costs have since risen. And yet we find the same recommendation repeated even though it has now become more inadequate.

"It has been suggested that no overall increase is justified because the industry has 'some uneconomic ships', and if these were to be eliminated, the return on capital would be adequate. . . Replacement or expansion of tonnage engaged in coastal shipping is by no means a simple matter. Government is well aware that, because of its paucity, foreign exchange is not made available to a sufficient extent for purchasing coastal vessels. It is obvious that the number of uneconomic units with Indian shipping cannot be readily reduced unless Government finds it possible to allow sufficient foreign exchange for purchasing as many efficient coastal ships as required. To blame the shipping lines for using uneconomic ships on coastal trade when they have no alternative is, to put it mildly, somewhat unfair.

"If ships engaged in coastal shipping were to be provided as a matter of policy with assured cargo, they would provide far more efficient service than is possible today. It must be appreciated that the efficiency of coastal shipping could not be secured unless at least two or three per cent of the total cargo carried by the Indian railways is guaranteed to the sea route. I submit, it is for Government to decide whether, as a matter of policy, it is not in the public interest to earmark an appropriate quantum of traffic for coastal shipping and thereby make possible its existence on a self-supporting basis."

1965: "The Government of India has sanctioned an increase

of 10 per cent in the coastal traffic rates as from August 1, 1965. The actual quantum of the increase not only falls short of what we had asked for, but as Government has taken a long time to arrive at its decision, the cost of operation has gone up yet further between the date we had asked for an increase and August 1, 1965. The increase in the excise duty on fuel oil from Rs 32 to Rs 72 is so large that it alone takes away about 50 per cent of the sanctioned increase in freight rates.

"The cost of operations goes on increasing steadily and continuously and does not, unfortunately, remain stationary while the Government of India is applying its mind to them. In regard to the quantum and types of cargoes to be carried by coastal shipping, coal from Calcutta, salt, cement, foodgrains, fertilisers, iron and steel, the policy pursued by Government is equally hesitant and vacillating. Discharge facilities at several ports on the coast continue to be inadequate resulting in serious delays.

"In regard to freight rates, I would venture to urge the adoption of a special procedure. Having regard to the economic conditions of today, it seems to me very desirable that a machinery responsible for keeping under examination continuously the variations in the cost of operating coastal shipping should be set up. The Maritime Freight Commission may perhaps be considered to be the right agency for the purpose. Its responsibility would be to keep under continuous observation the costs of operation of coastal shipping and to recommend adjustments in the freight rates as and when necessary, either once a year or oftener if circumstances warrant it. If this is done, it would be possible for coastal operations to make their plans more confidently and to provide efficient coastal services."

1966 : "The increase of 10 per cent in freights from August 1, 1965, has slightly improved results of coastal services, but the trade remains uneconomic. The cost of operations, however, had gone up further during the intervening period. The Coastal Conference, therefore, requested that a further increase in freights should be sanctioned. They emphasised further their grave concern at the time lag of years that separated the date on which freight increase is sanctioned from the period during which the rise in costs had taken place in respect of which the freight increase is sanctioned. If during the intervening period the rise in costs is not only sustained but has continued its upward trend, the increase in freight rates sanctioned

is in actual fact inadequate. The only fair solution would be the establishment of a permanent machinery whose business it would be to keep costs of operations under continuous watch and to sanction increases in freight rates as soon as it was satisfied that the rise was not of a transient but of a continuing nature.

"With this problem of remunerative freight rate is connected the last of the major problems of coastal shipping, viz. the problem of replacement of coastal tonnage. Shipowners cannot be induced to replace tonnage so long as the trade remains unremunerative. Devaluation, moreover, has substantially increased the cost of a vessel. Since coastal vessels do not earn foreign exchange to pay for construction costs, orders for them cannot be placed abroad. Coastal vessels must, therefore, be constructed in India or if local capacity for construction is insufficient, in countries accepting payment in rupees. About 119,000 GRT of overaged coastal tonnage require to be replaced urgently."

1967: "We have been pioneers in practically every form of Indian shipping activity and have thus been able to render undoubtedly valuable service to the country. Financially, it has brought to the Company both gains and losses. Pioneering imposes its own penalties. Thus, we were the first to enter the coastal trade. For the last several years now, for a variety of reasons, the Company has had to bear heavy losses on its account. In spite of every effort on our part, we have been unable to extricate ourselves from the coastal trade.

"If the Government had been prepared to allow the freight rates to be determined by the economics of the trade, we would not have had to bear the heavy losses that we have had to bear. Equally, if the Government had been prepared to let us get out of the trade in view of the losses we were suffering, it would have been possible for us to limit our losses. Thus, for instance, in the current year, if we had been able to get out of the coastal trade, the Company would have shown an extra one crore of rupees as profit.

"But the ways of Government are unpredictable and uncontrollable. They refuse to let us either to get out of the trade or to allow us freight rates which would be economic. Other shipping companies which entered the field of shipping have not been as deeply involved in the coastal trade and have thus not had to bear the heavy financial burden that we have had to bear."

The position of coastal shipping has in no way changed for the better since the chairman of Scindias—the foremost shipping company in the trade had to let fly the foregoing blast. This is evident from the pleas on behalf of coastal trade made by the Indian Coastal Conference in a paper submitted to the National Shipping Conference on Shipping, Ship-building and Ports held at Calcutta in December 1967 :

(1) There should be a substantial movement of coal by railways and to some extent by the industry moving along the coast at rates of freight reasonable from the point of view of coastal shipping

(2) Many more items of bulk cargo like salt, cement and fertilisers should be released to coastal shipping and allowed to be carried at reasonable freight rates—the Railways keeping out of this freight carriage, even as common carriers, for greater benefit to the country

(3) Ports dues, wharfage, mooring charges and other similar terminal charges should be levied on coastal shipping on a concessional basis

(4) Excise duty which is now levied on the bunkers taken by coastal ships must be withdrawn. Overseas vessels do not pay this excise duty

(5) Those ships engaged in coastal trade which are getting old must be replaced.

To sum up, if coastal shipping is to serve the nation's commerce and industry as it has done in the past, there ought to be a radical change of attitude towards it. It must be assisted in every possible way to earn a reasonable profit and maintain itself efficiently

Scindias have no connection now with the Konkan passenger service or trade. Nor did they have any interest in it during the first twenty years of their existence. It was more or less by accident that they came into indirect association with it when they rescued the Indian Co-operative Navigation Company from imminent closure and, later on took over the managing agency of the Ratnagar Shipping Company and the Bombay Steam Navigation Company in 1939. This association became stronger when these two companies were merged in B S N in 1952, which, in turn, was amalgamated with Scindias the following year. Two wholly owned subsidiaries were thereafter formed. The Bombay Steam Navigation Co (1953) Ltd, was to conduct the coastal trade and passenger traffic to

Konkan ports Another company, the Scindia Workshop Ltd, was to take over and conduct the workshop of the former B.S.N. The passenger services of the Konkan trade and in the harbour of Bombay of the Bombay Steam Navigation Co (1953) Ltd, were closed in 1967 and its chartering of ships for the West Coast trade was also discontinued last year

Scindias's connection with the Konkan passenger service and trade was thus short, adventitious and indirect Somehow, however, their name came to be in the public eye in its context in the fifties and early sixties This was owing to the importance of the Konkan manpower to the industry of Bombay, to Scindias's control of the B S N and to their sheer dominance of the shipping world The development of Bombay as an industrial metropolis since the middle of the nineteenth century has been helped by labour from Konkan which mainly mans the textile mills Unlike other migrant workers, however, it maintains its roots in its native soil to which it repairs every year Nearly a million people make an annual return journey from Konkan to Bombay The geographical position of Konkan—a long narrow strip between the Arabian sea and the range of Sahyadri Hills intercepted by valleys and rivers—makes the opening of railways difficult though a beginning has been lately made by the laying of the Diva-Dasgaon rail line, which will be gradually extended into the interior Until the State Transport Corporation spread its network in Konkan, they relied almost entirely on the "ferry ships" It was the B S N which, for several decades, catered to their needs and it was as its principal that Scindias came into the picture though the Konkan services were operated in the former's name

During the war years the Konkan passenger service was thoroughly disorganised owing to the wholesale requisitioning of ships by the Government Only two ships were left to cater to the requirements of Konkan passengers The three companies consequently began to work on a pool basis from November 1945 Even after 1945 it was difficult to resume the services on the pre-war basis owing to various reasons It was only after two new ships were acquired in 1949 at more than five times the pre-war price that the B S N and the Indian Co-operative could start a regular service But by then the operating costs also had risen steeply and the management was compelled to increase the fares by 50 per cent an

April 1949 Responding to the public agitation against this increase, the Government of India appointed the Konkan Rates Advisory Board under A N Shah to examine the fare structure. In his report submitted in March 1950, Shah found it difficult in the absence of separate voyage accounts for the Konkan services and of the complicated working of the pool system to determine reasonable economic fares for 1949-50, but observed that, on the whole there appeared to be a case for reduction of $16\frac{2}{3}$ per cent in the rate existing then.

In view of the various difficulties mentioned by the Shah Board, the Government found that it was not possible to take any action on his recommendation. They, therefore, asked it to make another report after re-examining the issue in all aspects. In its second report issued in June 1951, the Board recommended a reduction of $12\frac{1}{2}$ per cent in the fare on the Konkan coast and $8\frac{1}{2}$ per cent in the harbour services. As these reductions were already effected voluntarily by the company, no further action was taken on the Board's report.

However, as the working expenses continued to rise every year and losses accumulated, the company requested the Director-General of Shipping permission to increase fares by $33\frac{1}{3}$ per cent from September 1, 1955, to cover increased operational costs, a fair and reasonable return on capital and provision for rehabilitation and replacement of its fleet. Moreover, the company was obliged to stop its service to Panjim from September 1954 owing to the attitude of the Portuguese Government. The Government thereupon appointed Justice N S Lokur to examine the structure of the Konkan fares and to make recommendations on the various submissions of the BSN. Justice Lokur opined that an increase of 10 per cent on the existing fares would be fair and reasonable. Shortly after this recommendation was implemented, the BSN again represented to the Government that this quantum of increase was not adequate to cover its losses in maintaining the service and unless fares were further increased or other substantial financial help was given to it, it would be forced to discontinue the services. On the other hand, the Government also received representations from the travelling public urging a reduction in the existing fares.

Considering that a large number of industrial workers in Bombay were dependent on the Konkan passenger services, the Government

thought it essential to find a lasting solution, which would be equitable both to the Company and to the travelling public. They, therefore, set up an *ad hoc* committee headed by P. S. Rau to go into the entire question of maintenance of steamer services on the Konkan coast. This was the third committee appointed within ten years to investigate the issue and apart from its relevant recommendations, the report is valuable because it exonerated Scindias from some allegations made against them regarding the amalgamation scheme with B.S.N. The Rau Committee held that the amalgamation scheme was not open to any objection on legal or ethical grounds. It was satisfied that the arrangement on the capital structure of the B.S.N. Co (1953) Ltd, and the way it was done were unexceptionable.

Regarding the separation of the Konkan Line from the other activities, which was widely criticised, the Committee held that "it was a step merely dictated by the need for the rationalisation of the different activities and for ensuring better organisational and cost control over each of them. This step, at the time it was taken, was calculated to place the Konkan Line financially at an advantage, not at a disadvantage, as then it was the passenger services that were more paying than the cargo services"

Regarding the demands of the B.S.N., the Rau Committee considered that despite the better facilities provided by the steamer service as compared to the State Transport service, it would not be practicable to raise the steamer fare to the full extent justified by the cost of services. Nevertheless, if the steamer services were to continue, an appreciable increase in fare was inescapable. The Committee held that the shortfall in the revenue could be wholly covered by an increase of 8 per cent over the existing fares with immediate effect. In respect of the long-term pattern of the Konkan steamer services and the necessity of providing more amenities to passengers, as recommended by the Deck Passenger Committee, the Rau Committee recommended that orders for two new ships should be placed immediately so as to increase the Company's fleet to a total of six ships. The most important recommendation of the Rau Committee was that, as the financial burden imposed by the purchase of new ships and improvement of amenities could not be borne wholly by passengers, the Central and Maharashtra State Government should give the Company a subsidy in

equal proportions. The overall arrangements suggested were as follows :

- (1) The Central Government should provide a loan to the Company for purchasing new ships repayable in 20 annual instalments which would work out to an annual contribution of Rs 1.89 lakhs
- (2) The Maharashtra Government should make a like contribution in the shape of a direct subsidy to the Company of Rs. 1 89 lakhs
- (3) The travelling public should bear the balance of Rs 4 22 lakhs in the shape of an additional increase of 7 per cent, making a total of 15 per cent

Though vague assurances regarding the above recommendations were given by a number of high officials and Ministers, the Government as such have neither officially accepted the report nor taken any steps to give effect to it. On its part, though the company had accepted it with certain reservations, it could not keep the service running on the old basis while losses were mounting and decided to close the services on the Konkan coast on December 1, 1961. This period was extended to May 31, 1962, in view of certain representations, and notice was given to the Government accordingly. Both the Central and the Maharashtra Governments, however, promised to give some subsidy and requested the Company to continue the service. As no money was actually forthcoming, the service was closed but again resumed after an "on account" payment towards the earlier commitment was made.

Subsequently, the Maharashtra Government informed the Company that they would not be paying any subsidy for repairs carried out after a certain date. As even the balance due was not paid despite protracted correspondence and meetings, the Company filed a suit for the recovery of same against the Government, which is yet to come up for hearing. The final curtain fell on the B S N's Konkan services when it sold its steamers on that line to the Chowgule Company which had undertaken to run the services. As irony would have it, the new company too has learnt to its cost that it is not possible to maintain the service without a radical revision of the fare structure.

This chapter may fittingly close with the observations made by the Scindia chairman in his annual speech to the shareholders on

December 13, 1967: "While some of you may remember, many others may not even know of the various ways in which Scindias have been able to serve the industry and the country. On more than one occasion before independence, we considered it our duty to come to the rescue of Indian shipping companies which found themselves driven to the wall. Thus it was that we acquired the Indian Co-operative Company, the Ratnagar Steam Navigation Company and, last but not least, the Bombay Steam Navigation Company. And it may be recalled that it was the Bombay Steam Navigation Company which brought with it a number of miscellaneous activities such as its repair workshop which we now carry on as the Scindia Workshop, the Konkan Services and the Passenger Services on the West Coast of India

"Last year we closed down the Konkan Services, but before we took the decision to close them, our Company had already sustained heavy losses on its account year after year. This year because of the heavy compensation charges to be paid in addition to the losses sustained until the services were closed down, we shall have to bear a loss of about Rs 40 lakhs. Next year, however, we shall not have to face this loss and we may justifiably regard that as a form of negative earning. Similarly, the Workshop too may not continue to be a source of profit to us in view of the reduction in the number of coastal and passenger ships which provided good repair turn-over for the workshop."

Round The World

SCINDIAS ARE members of most major international Conferences based on India. Since such a statement by itself may convey little sense even to the average educated reader, one must explain what a Conference in shipping parlance means. "Conference" is a body of companies engaged in Liner trades who between them operate regular services for the carriage of general cargo to and from the country or countries they serve. In other words, it is a combine of international shipping companies with certain obligations and privileges. Their steamers usually run to fixed schedules at fixed rates and sometimes, for economic reasons, they may even work on a pool basis i.e., sharing of liftings and earnings on certain pre-determined basis. Conferences, however, do not constitute a monopoly. Two enquiries by Royal Commission in the United Kingdom and one by the Federal Maritime Commission of the U.S. Administration have cleared them of this charge. If an accusation of this nature against British shipping companies in pre-freedom days had any validity, it was because the British India Steam Navigation Company and the Asiatic Steam Navigation Company had established their dominant position more on a political than a commercial basis and would not permit even an India based shipping company to operate in Indian waters.

Scindias, who waged a long and bitter struggle with the British monopoly combine, themselves took the initiative in 1951 in forming an Indian Coastal Conference after independence, as noted earlier. As they extended their operations overseas, they became members of one international conference after another, as they began to ply on the various sea-lanes.

Scindias have the unique distinction of launching a passenger-cum-cargo service between India and U.K. at their very inception and that too with a single ship the "Loyalty". This venture, whose sheer

daring almost appals one at this distance of time, naturally did not pay and had to be given up. For nearly twenty years afterwards the Company had to confine its activities to coastal trade, and that too, in the face of increasing misfortunes and difficulties. But the men on the bridge of Scindias never forgot their main aim of catering to the overseas trade of India. This objective came within sight with the independence of India and the Government of India's declared objective of enabling Indian shipping companies to carry 50 per cent of our distant trades within five to seven years.

Even before this, Scindias had entered the India-U.S.A service early in 1947 by placing the five "Liberty" ships they had purchased from the American moth-ball fleet. This service had to be temporarily withdrawn in 1953, but was resumed in 1958 with the improvement in trading prospects. An India-U.K.-Continent service was begun in 1948 by first berthing some coastal vessels, whilst four new ships were under construction for this service. Two of them, "Jalazad" and "Jaljawahar," maintained the passenger-cum-cargo service to U.K. till 1950 when these ships were required by the Eastern Shipping Corporation to inaugurate their passenger services to East Africa and Malaya. The Company was admitted as an affiliate member to the India-U.K.-Continent Conference in the same year with the right to operate eight ships but without voting rights. Three years later, in April 1950, Scindias were made full members with voting rights, the number of ships being increased to 12 and subsequently to 18. As a result, a rationalised programme of sailing could be introduced in 1951. This enabled the Company to provide adequate services to Europe both from the east and west coasts of India and obtain trading results. With a view to further rationalising the operation, Scindias and the India Steamship Company, which was also a member of the Conference, began to operate a co-ordinated service to and from the ports of Hamburg and Bremen to ports in India, Pakistan and Ceylon. In his annual speech on February 22, 1956, the Scindia chairman took stock of the trading operations of the previous two years and noted that it was urgently necessary to modernise the India-U.K.-Continent fleet with a number of fast ships. The combined lifting of the two Indian lines amounted to 15 per cent of the total exports from India to the Continent while the share of Indian lines as a whole in the entire overseas trade amounted to a paltry 5 per cent.

Referring to this, the chairman observed "We have, therefore, still a long way to go towards the target of attaining 50 per cent of our overseas trade. But we are going to expand and I wish to emphasise that it is the ambition of the Indian lines to participate equally in the carriage of the foreign trade of the country"

Scindias had in due course secured from the India-U K -Continent Conference the right to employ such volume of tonnage as they considered reasonable. They put 18 ships on the service from 1956 but even after delivery of all the new ships ordered, Scindias had only 15 modern ships in their fleet. At least three more fast ships were needed. The old ships were slow and uneconomic, but their replacement was proving difficult owing to the paucity of finance for ordering ships abroad and the dilatory delivery of ships ordered from the Hindustan Shipyard.

The enlarged schedule, however, was kept in operation with the diversion of the two ships from the India-U S service, which was closed for the time being. With the admission of Scindias to the Western Italy-Pakistan-Ceylon Conference in 1955, the Company was put under further strain. Apart from paucity of funds and particularly of foreign exchange, it was difficult to get firm quotations from ship-builders, who were themselves plagued with the continuous rise in the cost of steel, equipment and labour. While the First Five-Year Plan had disclosed a shortfall of 0.80 lakhs of tons in the shipping target, the gap threatened to be wider in the Second Plan. The provision for it was Rs. 45 crores including the carry over of Rs. 8 crores from the First Plan. It was therefore possible to place orders only for a tonnage of 175,000 GRT. A provision of an additional Rs. 40 crores was essential if the Second Plan target of a nine-lakh tonnage was to be attained. In July 1956, Scindias started a bilateral service to U S S R. in co-operation with I S S and Bharat Line, each company contributing two ships and in the following month, on their own, a direct service between India and the West Coast of Africa via Mauritius.

It may be mentioned here that the boom following the Korean war in 1951 had induced a rapid increase in world tonnage. That boom was briefly revived by the Suez war in 1956, but the inevitable depression made itself felt in the latter half of 1957. Alluding to this development, the Scindia chairman said in his speech at the annual meeting in 1959 that more and more tonnage had to be laid

up owing to the depression and the freight rates had to be cut to uneconomic levels to meet the challenge from foreign and tramp shipowners seeking a footing in the Indian trade. Scindias along with other companies were naturally obliged to schedule their sailings at longer intervals. While the desire—as indeed the necessity—to increase Indian tonnage rapidly was there, the problem had to be viewed in the light of prevailing circumstances. The chairman therefore made the following suggestions to the Government to improve the lot of Indian shipping:

- (1) Allotment to Indian shipping of as much as possible of the cargo imported and exported on Government account and also on account of various projects
- (2) The rates of freight to be sanctioned for the carriage of such cargoes should be reasonable and economic to Indian shipowners and should not be compared with tramp rates
- (3) The expansion of shipping should be cautious and on a planned basis taking into account the availability of cargo and prospective employment of such tonnage
- (4) Improvement in port conditions and port equipment

The chairman also requested the Government that while sanctioning the entry of new companies in the overseas trade, they should ensure that there was a suitable and sufficient number of vessels in all the overseas trades of the country, so as to avoid wasteful concentration of ships in any particular trade and unnecessary competition. In this way alone could the available Indian tonnage be gainfully employed. Both 1958-59 and 1959-60 were trying and difficult years for Scindias. The freight market remained depressed and the rates were unremunerative. This and the increasing cost of operations reduced the profit margin to a very narrow level. It was clear that if there was to be an improvement in the working of shipping companies, there would have to be an increase in the volume of world trade. Otherwise, it would be necessary to reduce drastically the number of ships engaged in the trade.

Boom or recession, India had to develop its tonnage capacity so as to enable its merchant marine to grow to its full stature and to ensure that its voice was heard with due respect in the various Conferences. For this purpose, all the Indian shipping lines had decided to stand together firmly. The Government of India could

also be trusted to lend their weight if the Indian lines presented a united front

Scindias's own development plan, envisaging the acquisition of 24 new ships at a total cost of Rs 25 crores in the five and half years from 1955 to 1960, was duly fulfilled. The Company had itself financed three-fourths of this plan, the Government having loaned Rs 11 crores. Most of these vessels were put on the overseas trade enabling Scindias to resume the India-U S A service in July 1958 and to offer regular sailings to and from Polish ports and the Adriatic ports of Trieste and Rijeka over and above the India-U K -Continental ports

The chairman painted a cautiously optimistic picture of the future in his speech to the general meeting on February 24, 1960 .

"The Indian lines have made up their minds to stand firmly together and face the difficult future with determination to find their proper place in the world trade. In coming to this decision, I am happy to say we have the sympathy of our Government, because the Government of India not only want to see the Indian merchant shipping grow to its full stature but also because, unless Indian shipping can make its voice felt in the various Conferences that govern the various trade routes of the world and thus influence the various freight rates, India's trade with the world is bound to suffer. In addition, there is also the all important factor of saving of foreign exchange on all cargo carried in Indian ships, which is a vital factor today. The Indian Lines on their part have rationalised their services to various ports of the world by giving a regular service to the shippers and are continuously replacing their old vessels by faster ones and are opening up new trade routes."

It is necessary to say here something about the charges of "flag discrimination" frequently raised against India by foreign shipping companies. This charge was even endorsed by the Chamber of Shipping of the United Kingdom in its report for 1958-59. It said that British shipping had to face competition from the fleets of other maritime countries and also what sprang from flag discrimination, subsidy and flags of convenience. The report also referred to the competition arising from discriminatory shipping clauses in the trade treaties concluded by no fewer than 35 countries, including India, which openly advocated and indulged in acts of discrimination as a means of achieving their avowed policy of shipping expansion

This accusation was anticipated and authoritatively refuted as early as 1954 by the Reconstruction Policy Sub-Committee on Shipping. Its report showed how expansion of shipping by State aid was achieved over several decades by the United Kingdom and United States, to mention only the two leading maritime nations. In the case of U.K. especially, the policy of expanding its shipping by destroying the shipping of its rivals was consistently followed over several centuries and even approved by that apostle of free trade, Adam Smith. It was hypocritical for these nations to accuse the developing countries of flag discrimination.

The Scindia chairman devoted a portion of his annual speech on February 22, 1961, to this subject. He said that before launching their post-war expansion programme, the leading maritime nations should have assessed the shipping requirements of the world trade and adjusted their building programme suitably. The position, however, was such that tonnage completed in 1960 reached a record figure of very nearly 9 million G.R.T. On the other hand, although the laid-up world tonnage had gone down from 8.7 million G.R.T. in October 1959 to 3.3 million G.R.T. in January 1960, the rates of freight had not registered any increase to justify an inference that the imbalance between world tonnage and world trade had been sufficiently adjusted. In view of these hard facts, it was unfair and futile to accuse a developing country like India of flag discrimination. It had every right to protect its own nascent shipping.

Scindias inaugurated their Overseas Liner Services from India to the Pacific Coast of U.S.A. in 1960-61, to East Canada and the Great Lakes in 1964 and the India-West Asian Gulf Service in 1967-68. In association with two other companies, Scindias also now run a regular service from Calcutta and other ports on the East Coast of India to ports in the Adriatic, Egypt and the Near East, each of the Line getting four sailings a year. In December 1968 they also joined the express cargo service to the German Democratic Republic within a multilateral framework, their Indian associates being the India Steamship Company and the Shipping Corporation of India Ltd. Lately, a justified feeling is being entertained by Scindias that the scales are not being held even by the Government between them and other companies, especially the one in the public sector. This grievance was ventilated

by their chairman, Dharamsey M Khatau, in his annual speeches for two successive years. The following passages from his 1966 address warrant reproduction :

"We are predominantly a Liner Company. We established Liner trades on the coast of India and adjacent countries before the war. After the war, we pioneered the participation of Indian shipping in the U.K.-Continental Liner Service. We inaugurated the entry of Indian shipping on a liner basis in the India-U.S.A. trade in 1948. We had to sustain heavy losses. Nevertheless, against all odds, except for a brief interruption, we have maintained these services ever since. We have served India-U.S.A.-North Atlantic and U.S.-Gulf trades with fast modern cargo vessels on a regular liner service for some years. As a natural extension we started offering services between India and the Pacific Coast of the U.S.A. With experience gained over several years, we determined the type of vessels required for this trade. We ordered suitable vessels with the Hindustan Shipyard. The deliveries of these ships were delayed. In the interregnum two other companies started offering a service in that trade. On resuming our service in this trade, to our utter surprise, we found that a limitation was sought to be imposed by the Additional Director-General of Shipping on the extent of our participation as if we were new entrants. In fact, we were the pioneers on this route.

"The purpose of a statutory control under the Merchant Shipping Act is to promote the entry of Indian ships in overseas trade and not to prevent it. If, in fact, the Act is to be used at all, it must be to serve the interests of all Indian ships equally. It cannot be the intention of the Act to differentiate between the interests of one company and another. It is interesting to recall here the somewhat analogous situation which arose when the Shipping Corporation sought entry in the U.K.-Continental trade. We had built that trade with considerable effort and great sacrifice for over a decade before the Shipping Corporation came into being. Yet we readily agreed to its entry, indeed sponsored it.

"In my view, the extent of participation of each company in the Pacific Trade must be determined by commercial agreements which may be negotiated by the interested shipping lines. The limitation now sought to be imposed on us is clearly not a proper or fair exercise of regulatory powers.

“Private companies have not been permitted to enter trades in which the Shipping Corporation of India happened to offer service first. In the routes which were already adequately served by private sector companies, it was arranged that the Shipping Corporation should have a substantial share. In the trades in which the Corporation claims to coexist with private companies, executive patronage has been employed to conduct an unequal race. I cannot help feeling that Government does not hold the scales even between the Public and Private Sectors in the field of shipping.”

This reasoned yet restrained plea proved effective so far as the sharing of the U.S. and Pacific trades was concerned, but the Public Sector company continued to receive special favours. The chairman, therefore, felt it necessary to return to the charge next year again in the following words. “It was because of the Private Sector’s efforts that India was successful in securing participation for Indian shipping in the U.K.-Continental Liner Services. When, however, the Shipping Corporation of India came into existence, Government intervened to secure for it a share in that trade according to a formula under which while our share remains the same, that of the Shipping Corporation goes on increasing.”

Scindias justifiably claim that their fleet is expanding and their horizon is widening year after year. In the 20 years since independence the Scindia fleet has more than trebled as the following figures will show

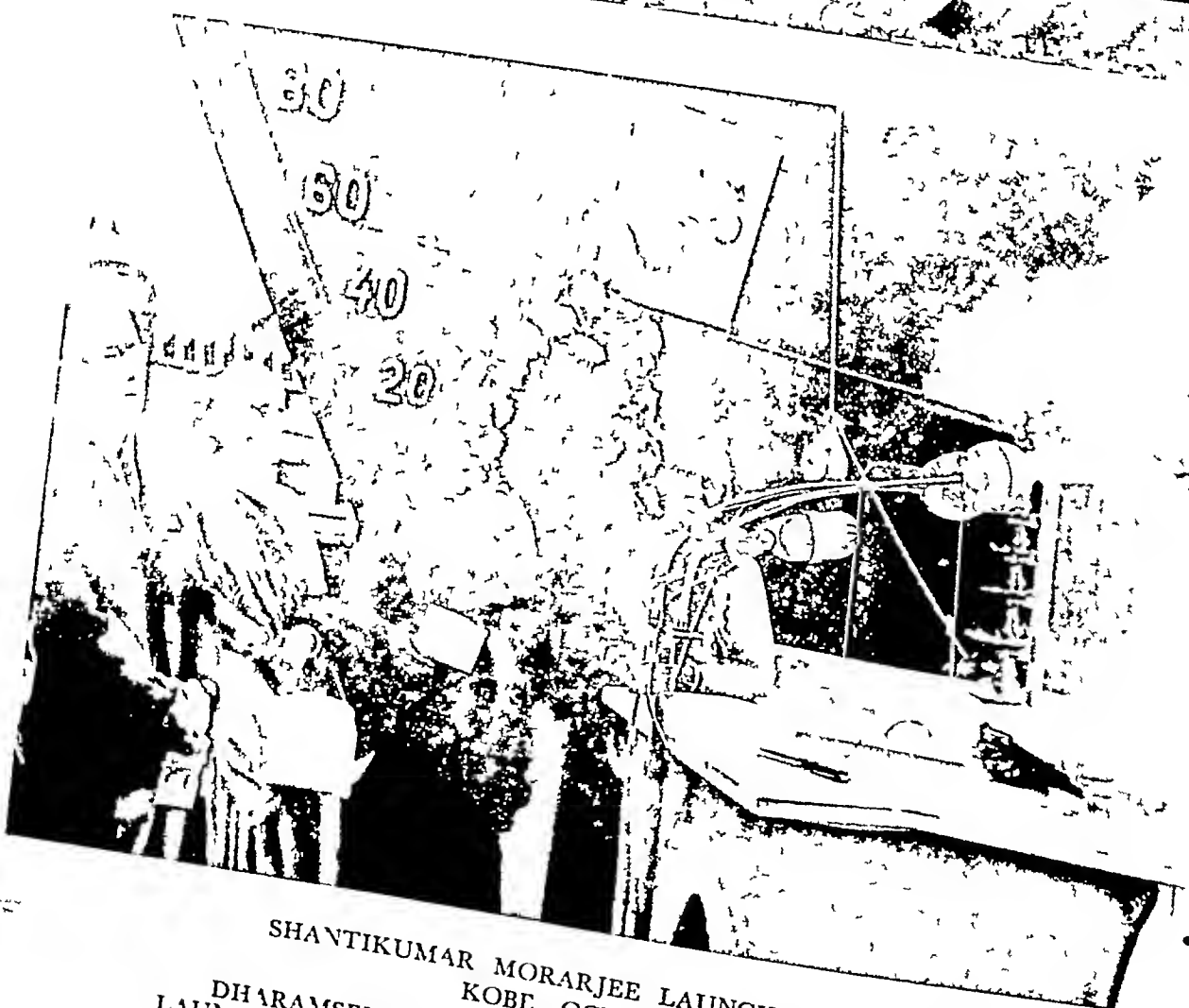
Date	No. of ships	G.R.T.
31-12-1947	21	1,10,104
31-12-1955	46	2,07,476
31-10-1967	46	3,42,074

In the last year (1967-68) a big plan of expansion was undertaken. Two second-hand ships of 15,000 dwt and 3,100 dwt built in 1963 and 1950 respectively have been purchased. Four ships of 13,500 dwt with a speed of 18 knots have been ordered from the Rostock Yard in the German Democratic Republic. Various new features have been incorporated in the design of these ships which will be the fastest ships owned by the Company. A contract has also been entered with the Rheinstahl Yard in West Germany for the building of two ships of 16,500 dwt with a speed of



DHARAMSEY MULRAJ KHATAU
Chairman 1950—1968

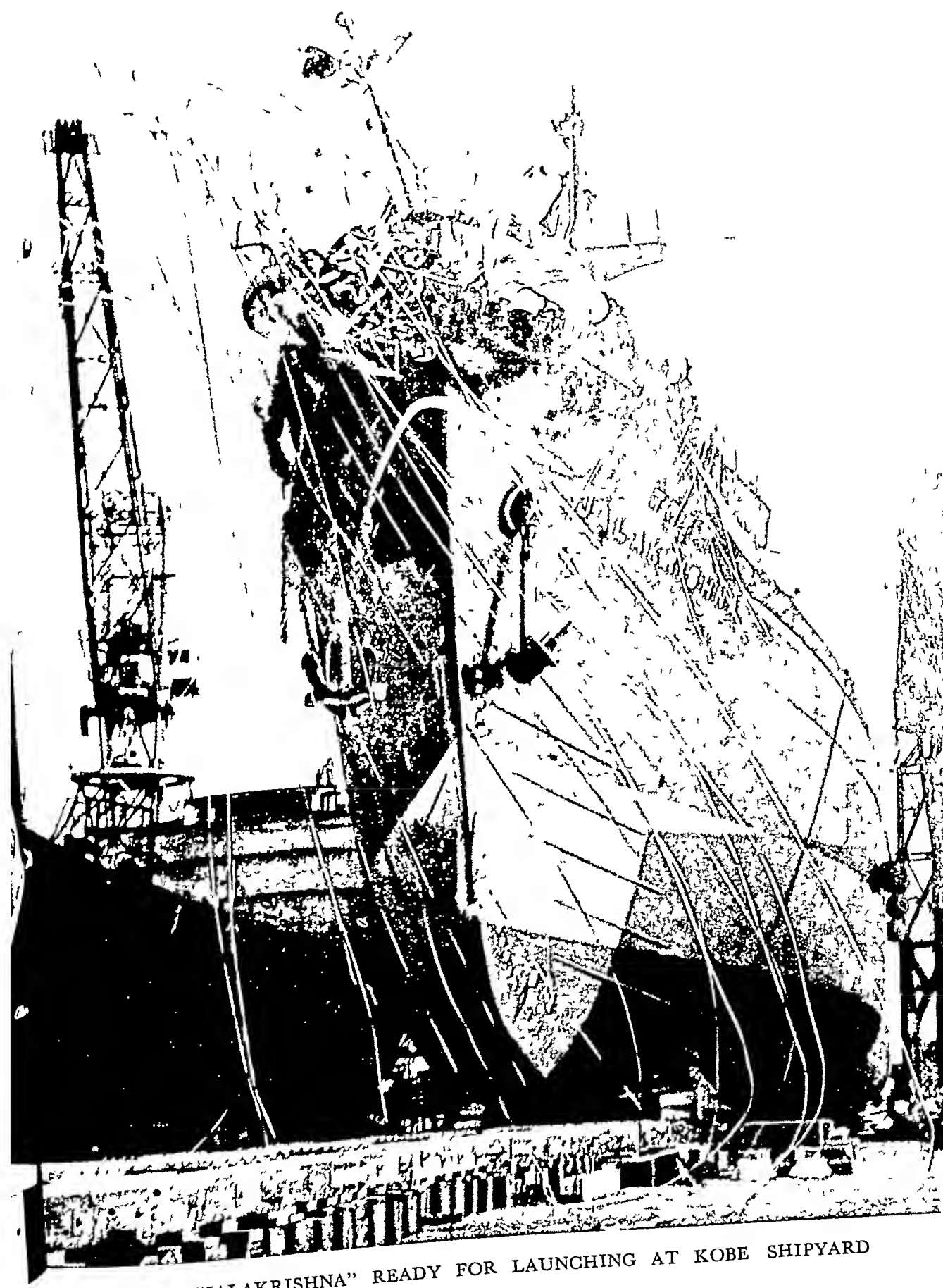
Under his Stewardship Scindia's fleet has expanded considerably and the Company has opened many routes unexplored by Indian national shipping



SHANTIKUMAR MORARJEE LAUNCHING "JALAKIRTI"
 KOBE, OCTOBER 13, 1960
 DHARAMSEY KHATAU ADDRESSING THE GATHERING AT THE
 LAUNCHING CEREMONY OF "JALAJAYA", EMDEN, AUGUST 19, 1966

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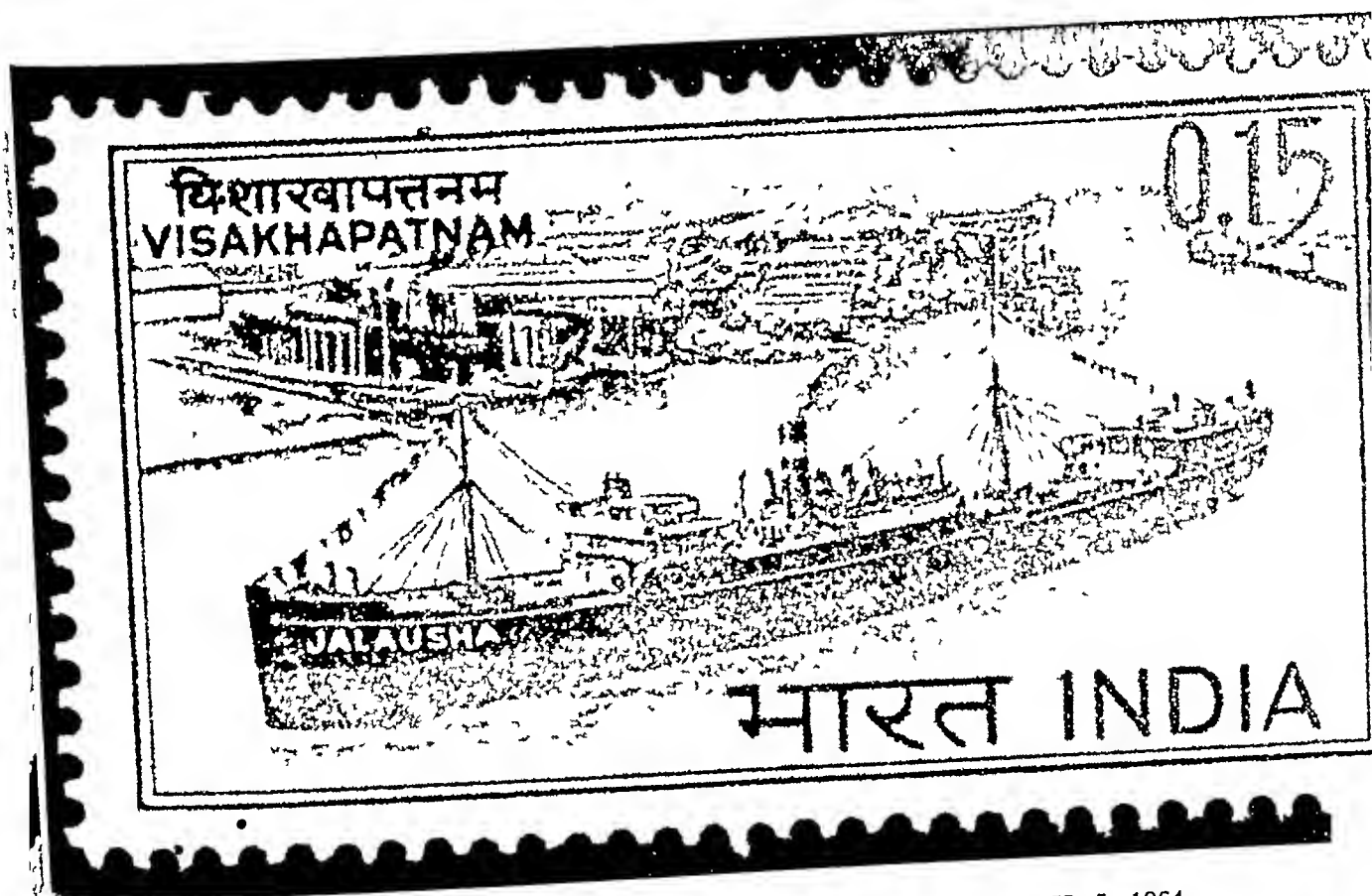
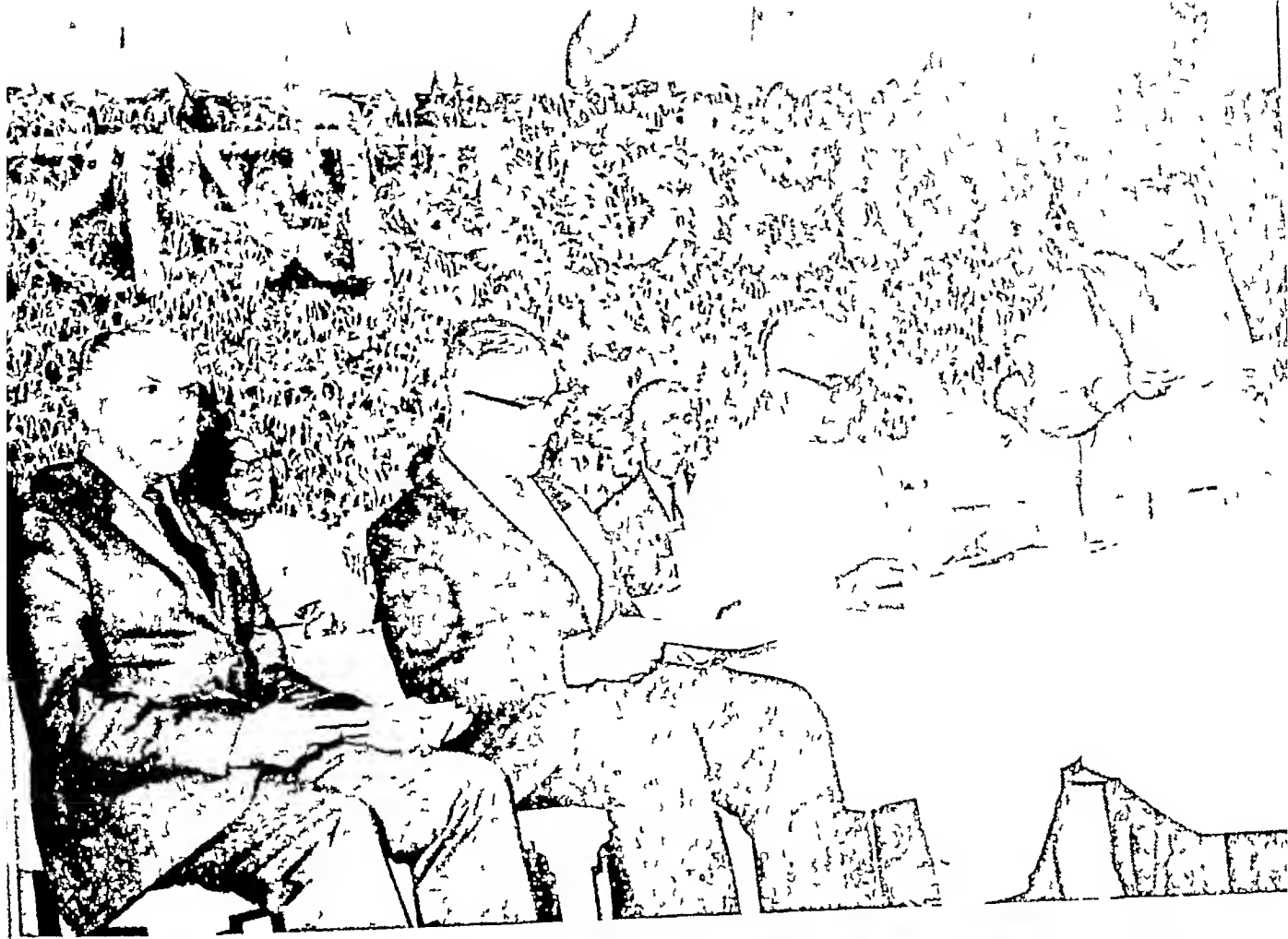
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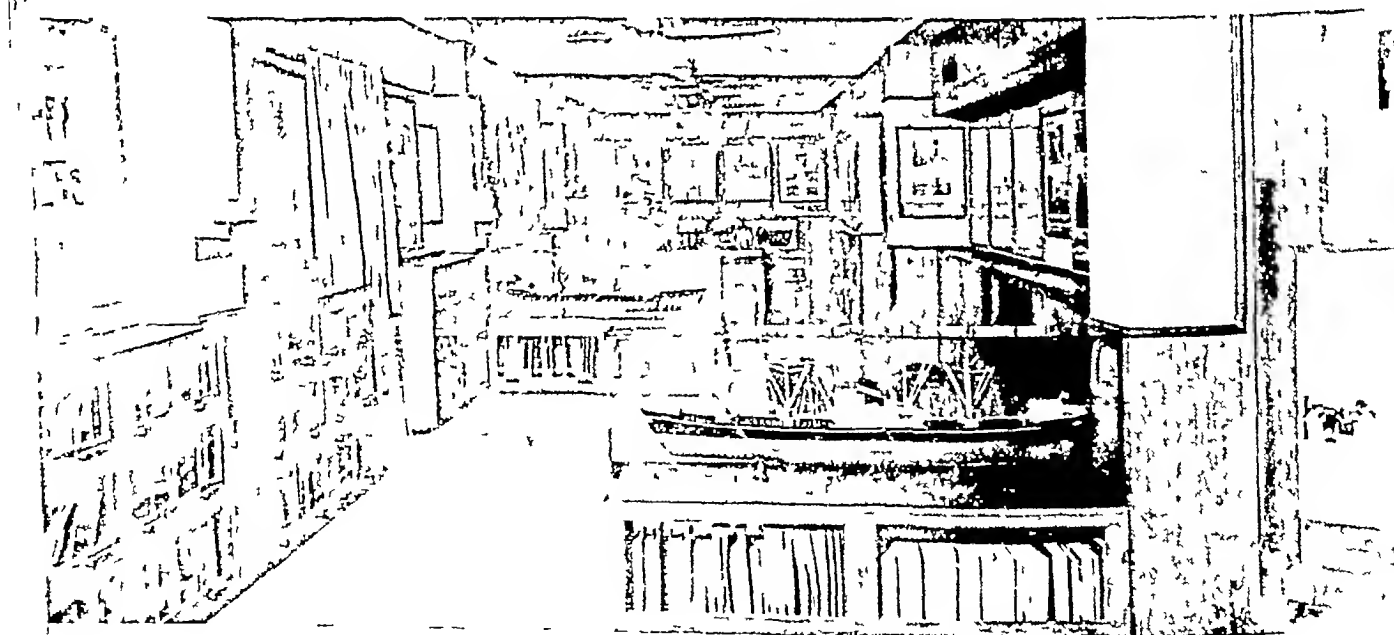
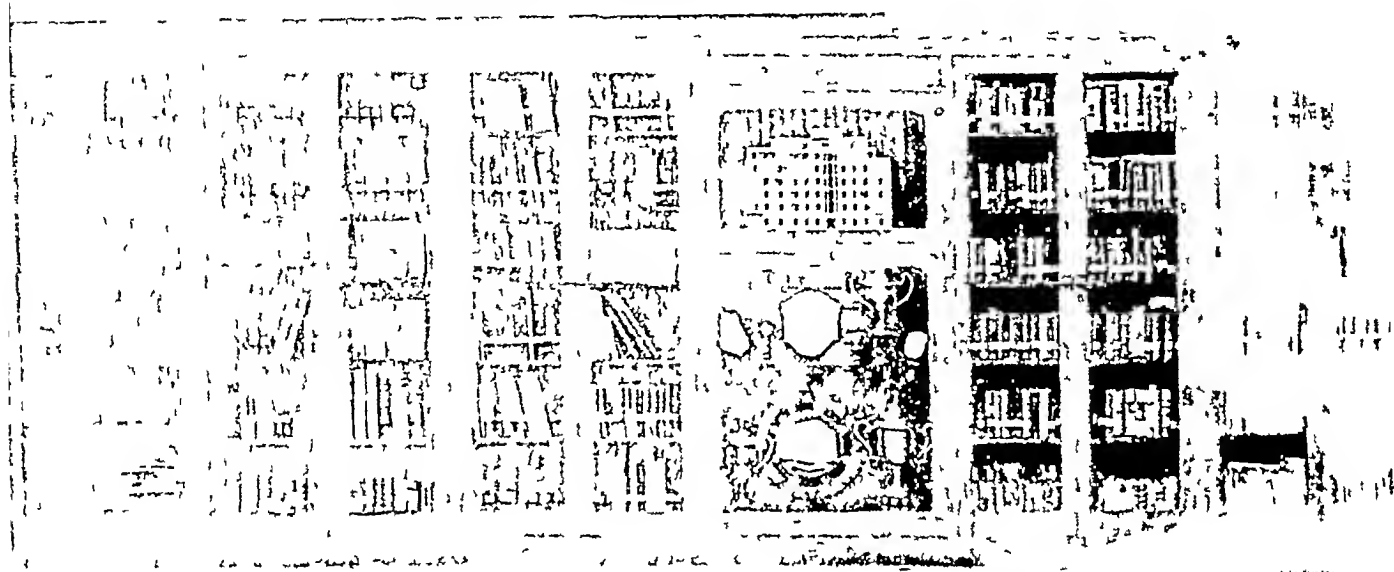
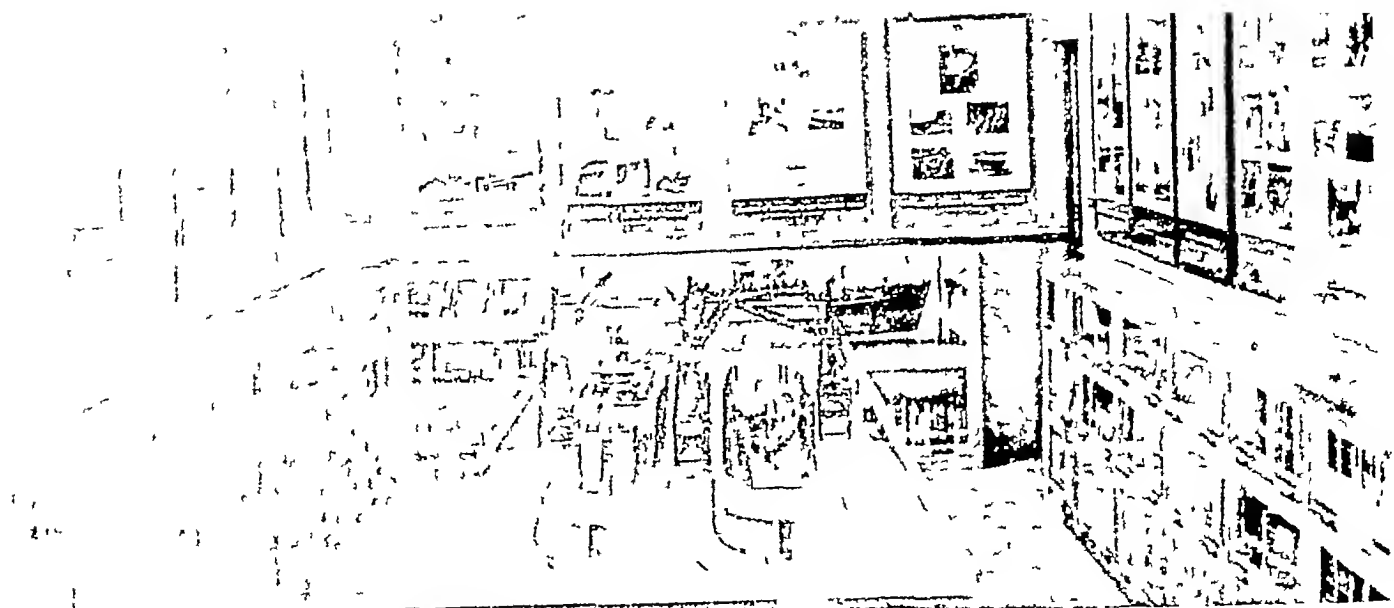
"JALAKRISHNA" READY FOR LAUNCHING AT KOBE SHIPYARD



SECRET
JAI SINDIA VISALHAPATNAM APRIL 16 1963
C. P. d. ... of Nellore with the Lanching



FIRST NATIONAL MARITIME DAY CELEBRATED, APRIL 5, 1964
 It was on this day in 1919 that Scindia's first ship "LOYALTY" sailed to the U K and opened the National Register of Indian shipping
"JALAUSHA" HONOURED
 The Indian Posts and Telegraphs Department honoured Scindia's "Jalausha" by issuing a postage stamp on April 5, 1965



SCINDIA SHIPPING AND SHIPBUILDING LIBRARY

The Library provides facilities to members of the Scindia staff for a study of any maritime subject they are interested in

पुस्तकालय
पुस्तकालय
पुस्तकालय

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PROGRESSIVE

SCINDIA'S

1910-1910

1910 5,934

1910 1,000

1910 1,000

1910 1,000

1910 2,607.29

1910 3,771.30

PERFORMANCE HAS PUT SCINDIA ON THE MARITIME MAP OF THE WORLD

“V. ROTTAM MORARJEE”—SCINDIA'S FIRST BULK-CARRIER
 — set up today on the Indian Register named after the Founder-Chairman of the Company

संयोजनस्थान ।
 संयोजनस्थान ।
 संयोजनस्थान । [७]

तथैव च) — K: Dm De om (nupr) 35th — a)
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16 knots under the West German Credit. With a view to diversifying their activity, Scindias have purchased a bulk carrier of 53,340 d.w.t. built in West Germany in 1967 and are negotiating for similar other tonnage including tankers.

The development plans of the shipping industry like those of other industries have been hampered by paucity of foreign exchange in the country. There is, however, an important difference between their respective positions because shipping is a quick and valuable earner of foreign exchange. A new ship can be purchased on credit with a maximum advance of 20 per cent of its cost as down payment, the balance being paid from its own subsequent earnings of foreign exchange. This obvious and fundamental fact does not seem to be properly recognised by the public and even by the Government. Scindias, for instance, earned Rs. 14 crores in foreign exchange during 1967-68, which is more than 25 per cent of the foreign exchange earned by all the other Indian shipping companies put together. They, therefore, can rightly claim to be financing their own expansion plans so far as foreign exchange is concerned.

The acquisition of a bulk carrier by the Company not only represents a major development in their trading policy but also represents a departure from their usual practice of naming ships. Hitherto all the Company's vessels bore the affix of "Jala" (of waters) and their fleet has come to be known to the shipping fraternity as the "Jala" Fleet. The bulk carrier has, however, been named as "Narottam Morarjee" after the first Chairman of the Company to signalise its Golden Jubilee. The second bulk carrier which is under negotiation is proposed to be named "Walchand Hirachand", after the Company's second Chairman.

The m.v. "Narottam Morarjee" is fully equipped for grain-loading and is strengthened for heavy cargo. Equipped with the most modern navigational aids, she provides air-conditioned accommodation to officers and crew. With these two acquisitions the Scindia fleet increases to 536,107 d.w.t., which is a tremendous leap forward. It appropriately heralds the Company's entry into the second half century of its existence.

Epilogue

WE HAVE REACHED the end of this narrative. Certain features of it, however, deserve recapitulation. Scindias's career of the last fifty years logically divides itself into two unequal parts of roughly thirty and twenty years—before and after Independence. From another point of view the history of Scindias might be divided into three eras. The first era (1919-1929) covered the ten years from the inception of the Company to the death of its founder. It may be called the Narottam Era. The second—the Walchand Era—spread over twenty years from 1929 to the retirement of Walchand in 1950. The third and current era began that year. Till 1956 the Managing Agency of the company was in the hands of the Morarjee family. Since that year, when the Managing Agency was dissolved, two members of that family—Shantikumar and Sumati—with the Chairman, form the Directors' Committee, which looks after the day-to-day management of the Company. The Morarjee family is thus continuously associated with the management of Scindias for half a century.

It was a slow, laborious and uphill struggle for Scindias till India became free. But from the beginning they had kept their sights high. They were not content merely to be a commercial firm earning profits. They were crusaders in a noble cause. Fired with the spirit of economic nationalism, their founders aimed at nothing less than the revival of Indian shipping. In the attainment of this objective they had to engage themselves in constant struggle with the entrenched monopoly of British shipping, which had a powerful man like Lord Inchcape at its head. For the ultimate freedom of Indian shipping they had, for years, to submit to unfair restrictions on their progress. With infinite patience and faith, they carried on their long march towards the goal.

It was during these early crusading years, however, that Scindias proved their mettle. The campaign they launched for the reservation of the coastal trade for Indian shipping and a due share in overseas trade, for the training of navigation, engineering and wireless personnel, for the Indianisation of the staff and for other legitimate rights of Indian shipping will ever be remembered in its history. As champions of the shipping industry, they had necessarily to become educators of public opinion and lobbyist in the legislature. It was during their early formative years that Scindias won the sympathy of the foremost nationalist leaders—and the Father of the Nation himself—for the cause of Indian shipping.

Scindia men had the privilege of lending their expert knowledge and the benefit of their experience to every major committee connected with shipping appointed by the Central Legislative Assembly and the Government. Narottam Morarjee was a member of the Fiscal Commission appointed in 1921, though not strictly as a representative of Indian shipping. The Indian Mercantile Marine Committee appointed in 1923 had Lalubhai Samaldas, a founding director of Scindias, as a member. The Coastal Reservation Bill was moved in 1928 by S. N. Haji, a manager of Scindias, and he was of course a member of the Select Committee which considered it. M. A. Master represented Scindias on the important Reconstruction Policy Subcommittee on Shipping appointed in 1945, whose report forms the MAGNA CARTA of Indian shipping. For two decades after Narottam's death, Walchand was the accredited champion of Indian shipping at every meeting and conference connected with the subject.

The most far-reaching contribution of Scindias to Indian shipping and the nation itself—the establishment of a ship-building yard at Visakhapatnam—was made when Scindias were in the midst of numerous troubles and in the thick of the Second World War. This by itself forms a saga of which Scindias could well be proud and the nation grateful.

Scindias have also made a similar contribution to the building up of India's air communications, particularly in Western India. One of the privately-owned companies, which has gone into the making of the State-owned Indian Air Lines Corporation, had been the Air Services of India, owned by the Scindia Company since 1943. Until it amalgamated along with others to form the I. A. C., this company played a useful role in establishing air services between

Bombay and Delhi, Bombay and Ahmedabad, Bombay and Saurashtra, and Bombay and Mangalore

The foregoing pages have spoken of the various occasions on which Scindias have served as good Samaritans to the shipping companies which were in difficulties. They have freely helped the abler shipping companies, too, by loaning their technical and managerial personnel. Even the Government of India and the Port Administrations have availed themselves of such help during and after the world war. The Shipping Corporation of India has a good many former Scindia men on its staff and decks.

Scindias have always been ready to render humanitarian help whenever the necessity arose during famines, wars and the partition of this sub-continent. During 1938-39 Scindias carried free large quantities of foodgrains and cattle-fodder to the famine-stricken areas in Cutch. They rendered yeoman service in the exodus of refugees from Burma in 1942 and again from and to West Pakistan in 1947-48. And it was a wanton Portuguese attack on a Scindia ship—the t.s.s. "Sabarmati"—that served as a prelude to the liberation of Goa. During the Indo-Pakistan war of 1965, two Scindia ships—s.s. "Saraswati" and s.s. "Jalrajendra"—were impounded and not returned for over a year inflicting heavy losses on Scindias. Their other assets worth Rs 24,00,000, which were seized by the Pakistan Government and handed over to their Custodian of Enemy Property, have not yet been accounted for.

Scindias have always been model employers and considered their employees from the Chief Executive to the humblest deck-hand as members of the same family. The legacy of an ideal employer was bequeathed to the Company by its founder, Narottam Morarjee. They have also taken the lead in improving the lot of ratings employed by Indian as well as foreign ships and in securing for them various benefits and privileges. Scindias have taken the lead in forming trade associations such as the Indian National Steamship Owners Association, which is now the recognised spokesman of Indian shipping. Walchand was the first president of INSOA and he adorned that office for twenty years continuously, during which the Association built its prestige and authority.

Scindias maintain one of the biggest libraries on shipping in India. It contains more than 3,000 standard works on Marine Transportation, Marine Engineering, Marine Geography, Maritime Law etc.,

the leading shipping journals, a pictorial record of Scindias's history and models of ships. The Research Centre attached to the Library provides facilities for original work in different branches of shipping and ship-building not only to members of the Scindia staff but to all those interested in the subject.

Since freedom the nation has undergone a metamorphosis and taken giant strides in various directions. True to their pioneering traditions, Scindias also have taken the initiative in opening new international lines for Indian shipping, in securing membership of various Conferences—incidentally, members of Scindia staff had the honour of becoming the first presidents of conferences based in India—and generally of furthering the interests of Indian shipping in every possibly way in India and abroad. Scindias may now be only “the first among equals”, but leadership naturally comes to them whenever the shipping industry's interests need to be ventilated and safeguarded, such as on the occasion of the campaigns against the proposed imposition of the Wealth Tax or the introduction of foreign collaboration in Indian shipping.

Service is its best reward. Nevertheless, honours have come to Scindias unsought. April 5, the day on which Scindia's first ship the s.s. “Loyalty” sailed to U.K. fifty years ago, is celebrated as National Maritime Day since 1964. The first ship to come out of the Scindia Shipbuilding Yard—the “Jalausha” on March 14, 1948, was commemorated in a special stamp issued by the Indian Posts and Telegraphs Department on the occasion of the second National Maritime Day, April 5, 1965.

There is another fair distinction which is shared by no other shipping company whether Indian or foreign. On their Board and on their Committee of Directors is a woman—Sumati Morarjee. She does not shine in reflected glory as the daughter-in-law of Narottam but has achieved her present position by her innate talent and devoted service. She is indeed a livewire of the organisation, who has also freely given her service to further the interests of the shipping industry as a whole. No shipping occasion in India is complete without her charming presence. She is also active in various other social and charitable activities. The presence of Sumati Morarjee at the head of Scindias is only appropriate when another gracious lady—Indira Gandhi—has ably followed in the footsteps of her great father as India's Prime Minister.

The ocean is open to all and shipping is a most sensitive industry. It is immediately affected by economic crises or political upheavals occurring anywhere in the world. It is forever faced with new problems and difficulties. Some are purely incidental and local, such as the delays in turn-rounds and improvement in port facilities. Some are organisational such as combines and mergers and the formation of consortia, such as have already taken place in U.K. Some are national such as a country's political ideology and structure and the state of its industrialisation. Yet other problems which the shipping industry has to face arise from international and technological developments. A ship is a floating factory. It needs giant dynamos as well as minute instruments.

A mercantile marine is the second line of a nation's defence, but it is also a means to the unification of the world. The growth of civilization is bound up with the process by which the resources of the world are pooled and the specialized products of every land made available to humanity as a whole. Ancient civilization first took the course of rivers and then spread itself all over the world through the highways of the sea. Before the advent of the air age, ships served as the ambassadors of nations, the purveyors of knowledge and goodwill as also the means of conquest—as India knows too well. As a matter of fact, the greatest single problem which Indian shipping had to face for over a century was its state of servitude. It was only when the political shackles were broken in 1947 that it came into its own and was free to order its future as it wished.

The progress it has made since then is heartening only to the extent that it holds out a promise for the future. Indian shipping has now crossed the target of 2 million tons set in 1947, but the thought that it attained it a decade too late is hardly flattering. Indian tonnage is barely one per cent of the world tonnage, there being 16 other countries owning more tonnage than India. It carries barely 13 per cent of the country's overseas trade as against the target of 50 per cent and not even 0.2 per cent of the world's total trade despite the country's long sea coast and population. Even the P.L. 480 food we consume is mostly carried in American bottoms and costs us a vast amount in foreign exchange annually. It is calculated that in the 14 years from 1956 to 1968 India had to shell out

more than Rs 1,200 crores *in foreign exchange* as freight for U S food shipments! All these statistics are literally staggering

According to the surveys published by the Reserve Bank of India, Indian shipping ranks the lowest among industries in this country in its earning capacity. These problems of expansion, saving of foreign exchange, economy and development call for immediate attention. Sooner or later, the Indian shipping industry will also have to tackle problems of technological nature such as palletisation and containerisation. That it is alive to this particular problem was evident in the seminar held on this subject in Bombay in December 1968. True to their pioneering traditions, Scindias, early this year, installed a refrigerated container with a 30-ton capacity (1,320 cubic feet)—the largest yet to be bought by any Indian shipping line—on one of their ships. If the experiment proves successful, most of the Company's ships will be equipped with such containers.

There are certain other inventions like the Lash ship, Hovercraft and Hydrofoils which will have a bearing on the shipping industry. The Hovercraft is already being used in the English channel and regular Hovercraft passenger ferries have been operating for some years in Norway, Germany, America, U S S R and Japan. The operation of a Hovercraft was demonstrated in Bombay a few months ago and one of them is being used by the Customs authorities. The Lash ship is being experimented with in U S A. If its operation proves successful, it will lead to a much more effective use of minor ports and result in reducing delays to ships at major congested ports. The construction of ships is undergoing a constant change. They are becoming faster and bigger, the size of the tankers and bulk carriers under construction in Japan being indeed colossal. May be on a not-so-distant day all ships will be propelled by nuclear power.

With man orbiting the moon and preparing to land on it sometime this year, one need no longer gaze into the crystal ball to visualise the future. The future is for man to shape. It was with something of this abounding confidence in themselves that Narottam Morarjee and Walchand Hirachand founded the Scindia Steam Navigation Company fifty years ago and braved the hurdles and obstacles in their path. It is this legacy of faith and courage which those who are now at the helm of the Company cherish most.

They step into the second half century of Scindias's existence in the same pioneering spirit which enthused their founders. The future may confront them with unforeseen challenges, but it will also provide them with fresh opportunities to forge ahead, to keep the Scindia flag flying as their vessels plough the seven seas and to serve the cause of Indian shipping as also the larger interests of the nation. As in the past fifty years, so in the next fifty, may Scindias remain in the van of service and progress. That is their hope and prayer to Jalanath—the Lord of the Seas.

APPENDICES

SCINDIA SUBSIDIARY COMPANIES

Name of the Company	EASTERN BUNKERERS LTD
Year of Registration	19th May, 1922
Place of Registration	Bombay
Business	Coal business, Bunkerers, Stevedoring, Clearing, Forwarding, Dubashing, Ship store supply, Insurance Agents, Ships Agents, etc , etc
Capital	
(1) Authorised Capital	800 shares of Rs 1,000/- each Rs 8,00,000
(2) Issued, subscribed and paid up Capital	800 shares of Rs 1,000/- each Rs 8,00,000 440 shares are held by The Scindia Steam Navigation Co Ltd
Present position	One of the leading companies for bunkers, stevedoring, clearing and forwarding, dubashing, ship stores supply etc , etc

* * *

Name of the Company	SCINDIA STEAMSHIPS (LONDON) LTD
Year of Registration	22nd Septmber, 1928
Place of Registration	London
Business	To attend to the affairs of the Scindia Steam Navigation Co ,Ltd To act as Insurance brokers, shipping agents To carry on business of shipowners
Capital	
(1) Authorised Capital	1,00,000 shares of £1 each £1,00,000
(2) Issued and fully paid up Capital	1,00,000 shares of £1 each £1,00,000
Present position	The company acts as general representatives in the U K and Continent for Scindia Steam Navigation Co Ltd and its associated companies

* * *

Name of the Company	NAROTTAM & PEREIRA LTD
Year of Registration	27th April, 1929
Place of Registration	Bombay
Business	Clearing and Forwarding Agents, Landing and Loading Contractors, Stevedores, Bunkerers, Agents or Representatives of Corporations, firms etc , Insurance Agents, Coal Bunkerers, Suppliers of Fresh water
Capital	
(1) Authorised Capital	100—8% Cumulative Preference Shares of Rs 5,000/- each Rs 5,00,000 200 Ordinary Shares of Rs 2,500/- each Rs 5,00,000
	<hr/> Rs 10,00,000 <hr/>

(2) Issued, subscribed and paid up Capital	40—8% Cumulative Preference Shares of Rs 5,000/- each fully called up	Rs	2,00,000
	60 Ordinary Shares of Rs 2,500/- each fully called up	Rs	1,50,000
		Rs	3,50,000

Present position Working as Scindia's Agents at Colombo, Act as Charterer's Agents, Insurance Agents, Bunkerers etc , etc

* * *

Name of the Company SCINDIA WORKSHOP LTD
 Year of Registration 22nd July, 1953
 Place of Registration Bombay
 Business To carry out business of ship-builders, ship-repairing and general engineering and fabrication works

Capital.

(1) Authorised Capital 25,000 shares of Rs 100/- each Rs 25,00,000

(2) Issued, subscribed and paid up Capital 10,000 shares of Rs 100/- each Rs 10,00,000

Present position The Company at present carries out ship-repairs, general engineering and fabrication works not only of Scindia and associated companies but also for outside parties The company has also taken up manufacturing of MacGregor Hatch Covers, Fishing trawlers, cargo winches and other new constructions

* * *

Name of the Company BOMBAY STEAM NAVIGATION CO (1953) LTD
 Year of Registration 10th August, 1953
 Place of Registration Bombay
 Business To run passenger services on the Konkan coast and the Bombay Harbour

Capital

(1) Authorised Capital 50,000 shares of Rs 100 each Rs 50,00,000

(2) Issued and subscribed Capital 30,000 shares of Rs 100 each fully called up Rs 30,00,000

Present position Owing to continued losses in running passenger services on the Konkan coast and in the harbour of Bombay, the company has discontinued these services since 1967

* * *

Name of the Company JALANATH INSURANCE LTD
 Year of Registration 6th June, 1956
 Place of Registration Bombay
 Business Marine, fire and general insurance

SCINDIA SUBSIDIARY COMPANIES

Capital	
(1) Authorised Capital	100 Ordinary Shares of Rs 10,000/- each Rs 10,00,000
(2) Issued and subscribed and called up Capital	100 Ordinary Shares of Rs 10,000/- each Rs 10,00,000
Present position	Functioning as a composite Insurance Company

* * *

Name of the Company	KAMAL SHIPPING CO LTD
Year of Registration	27th July, 1957
Place of Registration	Bombay
Business	The National Shipping Agency Ltd was changed to Kamal Shipping Co Ltd with a view to enable the Company to enter into tramp shipping trade

Capital	
(1) Authorised Capital	10,000 Ordinary Shares of Rs 500/- each Rs 50,00,000
(2) Issued, subscribed and paid up Capital	10,000 Ordinary Shares of Rs 500/- each Rs 50,00,000
Remarks	

* * *

Name of the Company	JALANATH STEAMSHIPS LTD
Year of Registration	23rd July, 1961
Place of Registration	Bombay
Business	Shipping and shipowning business

Capital	
(1) Authorised Capital	5,000 shares of Rs 1,000/- each Rs 50,00,000
(2) Issued and subscribed Capital	50 Ordinary Shares of Rs 1,000/- each fully called up Rs 50,000
Present position	Presently inoperative

PROGRESS OF SHARE CAPITAL

Year	Authorised Capital	Paid up Capital	No of Shares	No of Shareholders	Remarks
1919-20	4,50,00,000	1,82,52,980	5,98,905		
1924-25	1,50,00,000	86,94,740	5,98,905		
1936-37	1,50,00,000	1,46,16,999	9,83,978	18,272	Capital reduced by Special Resolution of Shareholders
1939-40	2,25,00,000	2,21,76,931	14,83,978	14,075	Unissued Capital called in by issue at par—two new shares for every three held
1945-46	4,50,00,000	4,40,71,013	29,75,349	17,469	Capital increased by issue of 5 lacs additional shares at par—one new share for every two held
1947-48	6,75,00,000	6,36,24,950	43,99,250	19,883	Further increase by issue of 15 lacs additional shares at a premium of Rs 15 per share—one new share for every one held
1952-53	7,20,00,000	7,04,60,608	46,99,903	28,284	Further issue of 15 lacs shares at a premium of Rs 5 per share—one new share for every two held
1953-54	9,60,00,000	9,40,19,673	46,99,903	37,103	Increase due to amalgamation of Bombay Steam Navigation Co Ltd with Scindia
1957-58	11,60,00,000	11,27,93,593	56,38,649	36,348	Issue of Bonus Shares—one new share of Rs 5 for each share and consolidated with existing shares by raising the face value of share to Rs 20/-
1967-68	11,60,00,000	11,27,93,593	56,38,649	36,234	Issue of Bonus Shares—one for every five held
			37,425		

SCINDIA SUBSIDIARY COMPANIES

Capital		
(1) Authorised Capital	100 Ordinary Shares of Rs 10,000/- each	Rs 10,00,000
(2) Issued and subscribed and called up Capital	100 Ordinary Shares of Rs 10,000/- each	Rs 10,00,000
Present position	Functioning as a composite Insurance Company	

* * *

Name of the Company	KAMAL SHIPPING CO LTD
Year of Registration	27th July, 1957
Place of Registration	Bombay
Business	The National Shipping Agency Ltd was changed to Kamal Shipping Co Ltd with a view to enable the Company to enter into tramp shipping trade

Capital		
(1) Authorised Capital	10,000 Ordinary Shares of Rs 500/- each	Rs 50,00,000
(2) Issued, subscribed and paid up Capital	10,000 Ordinary Shares of Rs 500/- each	Rs 50,00,000
Remarks		

* * *

Name of the Company	JALANATH STEAMSHIPS LTD
Year of Registration	23rd July, 1961
Place of Registration	Bombay
Business	Shipping and shipowning business

Capital		
(1) Authorised Capital	5,000 shares of Rs 1,000/- each	Rs 50,00,000
(2) Issued and subscribed Capital	50 Ordinary Shares of Rs 1,000/- each fully called up	Rs 50,000
Present position	Presently inoperative	

PROGRESS OF SHARE CAPITAL

Year	Authorised Capital	Paid up Capital	No of Shares	No of Shareholders	Remarks
1919-20	4,50,00,000	1,82,52,980	5,98,905		
1924-25	1,50,00,000	86,94,740	5,98,905	18,272	Capital reduced by Special Resolution of Shareholders
1936-37	1,50,00,000	1,46,16,999	9,83,978	14,075	Unissued Capital called in by issue at par—two new shares for every three held
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1952-53	7,20,00,000	7,04,60,608	46,99,903	37,103	Increase due to amalgamation of Bombay Steam Navigation Co Ltd with Scindia
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1957-58	11,60,00,000	11,27,93,593	56,38,649	36,234	Issue of Bonus Shares—one for every five held
1967-68	11,60,00,000	11,27,93,593	56,38,649	37,425	

SCINDIA FLEET

Ship	Built or acquired	Gross Tons	Year sold or disposed of
1 LOYALTY*	1919	5,934	1923
2 FRANKBURN	1920	4,207	1921
3 JALAVEERA	1920	4,380	1926
4 JALAVIJAYA	1920	3,746	1952
5 JALAVIHAR	1920	5,330	1951
6 JALAPUTRA	1920	4,856	1947 Ran aground and sank near Perparis Islands
7 JALAPALAKA	1920	4,215	1942 Lost by enemy action off Madras
8 JALADUTA	1921	4,091	1926
9 JALATARANG	1922	2,497	1942 Lost by enemy action off Madras
10 JALARASHMI	1923	4,449	1953
11 JALAJYOTI	1924	4,430	1949
12 JALABALA	1927	3,610	1943 Lost by enemy action off Malabar Coast
13 JALADUTA	1927	5,011	1958
14 JALAVEERA	1927	4,966	1954
15 JALAMOHAN	1933	5,100	1950
16 JALARAJAN	1933	5,102	1942 Lost by enemy action off Sumatra
17 JALARATNA	1933	3,960	1956
18 BURMESTAN*	1933	3,035	1935 Ran aground off Kyaukpyu Harbour
19 JALADURGA*	1933	4,723	1954
20 JALAGOPAL*	1933	5,322	1955
21 JALAPADMA	1935	3,935	1944 Destroyed during Bombay docks explosion
22 JALAMANI	1936	3,958	1955
23 JALAGANGA	1936	4,981	1958
24 JALAYAMUNA	1936	4,981	1959
25 EL MADINA**	1937	3,962	1944 Lost by enemy action off Calcutta
26 JALAKRISHNA	1937	4,991	1959
27 EL HIND**	1938	5,319	1944 Destroyed during Bombay docks explosion

SAGA OF SCINDIA

Ship	Built or acquired	Gross Tons	Year sold or disposed off
28 JALARAJAN	1946	5,085	1965
29 JALABALA	1947	4,557	1952
30 JALAKANTA	1947	7,180	1963
31 JALAKANYA	1947	7,180	1963
32 JALAKENDRA	1947	7,180	1961
33 JALAKETU	1947	7,180	1964
34 JALAKIRTI	1947	7,180	1956
35 JALAMOTI	1948	7,101	1960
36 JALAZAD*	1948	8,521	1954
37 JALAMANJARI	1948	7,211	1963
38 JALAMAYUR	1948	7,209	1968
39 JALAKALA	1948	7,271	1960
40 JALAMATSYA	1948	5,702	1953
41 JALJAWAHAR*	1948	8,784	1954
42 JALASHA	1948	5,102	1966
43 JALAPRABHA	1949	5,103	1965
44 JALAPRAKASH	1949	5,098	1967
45 KUTUBTARI*	1949	390	1956
46 JALAPANKHI	1950	5,100	1964
47 JALAVALLABH	1950	6,905	1967
48 JALAPADMA	1951	5,104	1965
49 JALRAJENDRA	1951	6,905	1967
50 ENGLESTAN**	1951	4,808	1952
51 JALAPALAKA	1951	5,104	1964
52 JALAMOHAN	1952	5,969	1961
53 JALAJYOTI	1952	5,966	1965
54 JALAPRATAP	1952	5,103	1965
55 KALAVATI*	1952	1,408	1956
56 NETRAVATI*	1952	1,540	1955
57 BHADRAVATI*	1952	1,449	1961
58 SONAVATI*	1952	1,638	1965

	Ship	Built or acquired	Gross Tons	Year sold or disposed off
59	ROSEBANK	1952	2,416	1955
60	SARASVATI*	1952	3,750	In Service
61	SABARMATI*	1952	3,750	In Service
62	SHEELAVATI	1952	840	1954
63	JALAPUSHPA	1952	5,130	1967
64	JALAPUTRA	1954	5,172	In Service
65	JALABALA	1954	1,380	1964
66	JALAZAD	1955	6,199	In Service
67	JALAVIHAR	1955	7,179	In Service
68	JALJAWAHAR	1955	6,199	In Service
69	JALAVIJAYA	1955	7,178	In Service
70	JALATARANG	1955	1,917	1964
71	JALAGOVIND	1956	7,487	In Service
72	JALAVISHNU	1956	7,178	In Service
73	JALADHAN	1956	6,527	In Service
74	JALADHRUV	1956	6,527	In Service
75	JALATAPI	1956	2,671	In Service
76	JALADHARMA	1957	6,527	In Service
77	JALADHIR	1957	9,488	In Service
78	JALADHARATI	1957	9,488	In Service
79	JALADHANYA	1957	9,488	In Service
80	JALAVIKRAM	1958	7,170	In Service
81	JALAMANI	1958	5,023	1968
82	JALAMATSYA	1958	5,015	1968
83	JALAMUDRA	1958	5,026	1968
84	JALAVEERA	1958	7,172	In Service
85	JALADUTA	1959	9,177	In Service
86	JALADUHITA	1959	8,699	In Service
87	JALAGOPAL	1959	9,863	In Service
88	JALAKRISHNA	1960	9,215	In Service
89	JALADURGA	1960	9,176	In Service

	Ship	Built or acquired	Gross Tons	Year sold or disposed off
90	JALAKIRTI	1961	9,228	In Service
91	JALAGANGA	1963	8,058	In Service
92	JALAGOMATI	1963	9,056	In Service
93	JALAGOURI	1964	8,059	In Service
94	JALAMOHAN	1964	4,486	In Service
95	JALAMANJARI	1964	4,486	In Service
96	JALAMANGALA	1964	4,486	In Service
97	JALAMAYA	1964	4,486	In Service
98	JALAMADHURI	1964	4,486	In Service
99	JALAMOTI	1964	4,486	In Service
100	JALAKALA	1964	9,408	In Service
101	BHADRAVATI	1964	2,573	In Service
102	JALAPALAKA	1965	9,292	In Service
103	JALAPANKHI	1965	9,292	In Service
104	RUKMAVATI	1965	2,729	In Service
105	JALAKENDRA	1966	9,379	In Service
106	JALARAJAN	1966	11,323	In Service
107	JALAKANTA	1966	9,371	In Service
108	JALAJIOTI	1966	10,929	In Service
109	JALARASHMI	1966	11,323	In Service
110	JALAJAYA	1966	10,933	In Service
111	JALARATNA	1967	11,323	In Service
112	JALAGIRIJA	1968	10,694	In Service
113	SONAVATI	1968	1,999	In Service
114	NAROTTAM MORARJEE (Bulk Carrier)	1969	29,966	In Service

*Passenger-cum-cargo vessels

** Pilgrim vessels for Jeddah

CHRONOLOGY OF INDIAN SHIPPING

For tracing the past shipping events of India without attempting to delve into ancient history, a convenient starting point would be the landing of Vasco da Gama at Calcut in 1498, from which period the sea-borne trade between India and Europe began to expand, but the information available thereafter for about three centuries being very scanty, one is obliged to skip over to 1819 when the first steam vessel appeared in Indian waters

Thereafter, several Indian shipping companies were registered, only to perish as a result of the ruinous rate wars waged by the vested foreign interests. In the meantime, the craft of shipbuilding in India had been kept gloriously alive till the end of the last century, thanks to the efforts of the Wadias, Master-builders of the Bombay Dockyard which was established in 1736. The following chronology attempts to trace the important events in Indian shipping from that year, viz, 1736, and thus covers a period of over two centuries. It does not claim to be exhaustive

1736

- Dockyard established by the East India Co at Bombay with Lowjee Nusserwanjee Wadia from Surat as "Master Carpenter", later known as "Master Builder". Till 1885, the yard functioned under the Wadias and built over 300 vessels, big and small

1750

Dry-dock completed at Bombay, the first to be constructed in India

1781

Ships began to be built regularly in Calcutta from this year. A total of 272 vessels of an aggregate tonnage of 122,713 were completed till 1821

First dry-dock constructed at Calcutta

1800

Opposition to India-built ships by British shipbuilders

1811

Fort William in Bengal promulgated separate rates of import duties on goods carried by British built and non-British built bottoms, the rate for the latter being double that for the former. The obvious intention was to drive out

non-British built ships from the trade. Fort St George in Madras and Fort St David in Bombay followed suit in 1812 and 1813, respectively

1814

British Parliament prohibited East India Company from using India-built ships after August 1814. Period subsequently extended by one year

1819

First vessel propelled by steam in India was a boat built at Lucknow by Mr William Trickett for the Nawab of Oudh

1823

Diana, first steam vessel, was built in Calcutta at the Dockyard of Messrs Kyd & Co. She was put into service on the Hooghly for carrying passengers

1825

First voyage performed by any steam vessel from Europe to India via Cape of Good Hope. The vessel was the *ss Enterprise*

1829

First Steam vessel built at the Bombay Dockyard was the *ss Hugh Lindsay* of 411 tons, Nowrojee Jamsetjee Wadia was Master-BUILDER of the yard

1838

The Coasting Vessels Act passed. The Act provided for registration of small sailing vessels

1840

First iron boat assembled at the Bombay Dockyard. She was the steam vessel, *ss Planet*, of 397 tons

1841

The Indian Registration of Ships Act

1845 (*Circa*)

Steamship Companies began to be established in India

1848

Indian Navy transformed into steam service

1862

Steam vessel *ss John Bright* owned by a Parsee firm made her first voyage from Gravesend (Kent, England) to Bombay via Cape in 58 days

1869

Suez Canal opened for traffic. It shortened the steaming distance from Europe to Bombay by 4,000 miles

1870

Establishment of the Calcutta Port Commissioners in October

1875

World's first Liner Conference—the Calcutta Liners' Conference—formed to regulate freight rates between Calcutta and Great Britain

1877

"Deferred Rebate System" introduced by the Calcutta Liners' Conference

1879

Bombay Port Trust Act passed

1880

Prince's Dock (Bombay) opened

1888

Victoria Dock (Bombay) opened

1890 (*Circa*)

Jamsetji Tata started a line of steamers from Bombay to China/Japan in the national interests of the Indian yarn trade

1905

Bengal Steam Navigation Company established to operate ships between Chittagong and Rangoon. Went into liquidation in 1910, following sustained rate war by B I Company

1906

Swadeshi Shipping Company started at Tuticorin by V O Chindambaram Pillai

1909

The Indian Co-operative Navigation & Trading Co founded

1917

Inland Steam Vessels Act

1918

Montagu-Chelmsford Report recommended that Central Government take over the responsibility of the three ports, Bombay, Calcutta and Madras

1919

Establishment of the Scindia Steam Navigation Company Limited on March 27, with which it could be said that the foundation of the first large-scale modern shipping industry had been laid as *Loyalty*, the first ship of Scindias, sailed on 5th April to UK unfurling for the first time in modern history the Indian flag on the high seas

Eastern Steam Navigation Co Ltd founded

1920

Work on Cochin harbour to enable it to provide for entry of deep-sea vessels began. The work was completed by 1931 when ocean-going ships commenced regular visits to the harbour.

1921

Bombay, Calcutta and Madras declared Major Ports by Central Government which assumed responsibility over them.

Scindia commenced taking Indians as apprentices on its ships for training as ships' officers both on the Executive and Engineering sides, thus laying the foundation for training of Indians for officers' posts in the merchant marine.

Merchant Steam Navigation Co. founded.

1922

Resolution was moved by Sir P. S. Sivaswamy Aiyar in the Legislative Assembly on January 12 to investigate ways and means of promoting the formation of an Indian mercantile marine and the encouragement of shipbuilding.

Resolution on the Shipbuilding Industry was moved in the Council of State on March 16, by the Hon. Sir Lalubhai Samaldas, urging the Governor-General-in-Council to appoint a Committee of officials and non-officials to consider the best means of helping the shipbuilding industry in India. It was adopted.

1923

Deadly rate-war against Indian shipping unleashed by British shipping interests reducing the freight rate on rice from Rangoon to Bombay from Rs. 18 to Rs. 5 per ton. Lord Inchcape, Chairman of P & O, offered to buy up the Scindia Company at a very handsome price but the Directors and principal shareholders stood firm and patriotically rejected the offer. Had it been accepted, it would have further delayed the emergence of national shipping. Eventually, a ten-year agreement was signed between the Scindias and British Shipping interests, restricting Scindias' tonnage to 75,000 tons and confining its activities to the coast.

The first Indian Merchant Shipping Act was passed.

1926

Resolution was moved by Sir P. S. Sivaswamy Aiyar in the Legislative Assembly on March 19 urging the Government to accept the recommendations of the Indian Mercantile Marine Committee, to encourage the creation of an Indian Mercantile Marine and adopt a system of licensing in respect of the coastal trade of India and to take early steps for the training of Indians in a suitable Training Ship in Indian waters.

1927

Training Ship *Dufferin* established.

1928

A Bill to reserve the coastal traffic of India to Indian vessels was moved in the Legislative Assembly by S N Hajri (February 9)

Malabar Steamship Co founded

Bengal-Burma Steam Navigation Co Ltd founded

1929

Death of Shri Narottam Morarjee, Founder and First Chairman of Scindia Steam Navigation Company Limited

1930

Conference held under the presidency of Lord Irwin, the then Viceroy, to enable full discussion between the representatives of all interests concerned for securing adequate participation of Indian Shipping in the coastal and overseas trades of India

Mahatma Gandhi put forth the Eleven Points epitomising Indian National Demands Point 8 was Coastal Reservation

Indian National Steamship Owners' Association (INSOA) was founded with seven company members and four individual members

1932

Scindias acquired the Bengal Burma Steam Navigation Co Ltd

1933

Visakhapatnam declared a Major Port

Another rate war unleashed by the British shipping interests against Indian shipping on the eve of the expiry of the ten-year agreement between the Scindias and the British Shipping interests signed in 1923. Finally, a tripartite agreement was concluded between the British India, the Asiatic and the Scindia Companies

1933-35

Non-Indian members of the Tripartite Conference and also other foreign interests entrenched in the West Coast Trade launched a fierce competition against four Indian Shipping Companies, viz the Merchant Steam Navigation Co, the Malabar Steamship Co, the National Steamship Co, and the Eastern Steam Navigation Co Ltd. As no agreement could be arrived at by negotiation, Sir Joseph Bhore was requested to intervene and he gave his award, known as the 'Bhore Award', allocating 85 per cent of certain trades on the West Coast to Indian Steamship Companies, who were not members of the Tripartite Conference

1935

Training of Marine Engineers started on *Dufferin*

1936

Cochin declared a Major Port

1937

First Haj service started by Scindias (December) Fierce Rate-war was started by British interests reducing fares from Rs 172 to Rs 20 per head. Despite severe losses Scindias refused to withdraw and ultimately Government intervened and fixed a fare of Rs 100 per head.

New Dholera Steamships Ltd founded

Scindias acquired Indian Co-operative Navigation and Trading Co Ltd

Scindias acquired Ratnagar Steam Navigation Co Ltd.

1939

Scindias acquired Bombay Steam Navigation Co

World War II Indian tonnage less than 150,000 gross tons, all on coast

Government of India requisitioned several of the ships belonging to Indian shipping companies and restricted their movement and controlled the freight rates, though such restrictions and control were not applied to British ships

1941

Foundation stone of First Indian Shipyard laid by Dr Rajendra Prasad at Visakhapatnam (June 21)

Scindias acquired Eastern Steam Navigation Co Ltd

1942

Shri Ambica Steam Navigation Co founded

1944

Devastating explosions in Bombay Docks

Reconstruction Policy Committee on Shipping appointed by the Government of India with Sir Aziz-ul-Haque, Commerce Member, as Chairman

1945

End of World War II Indian tonnage stood depleted at 75,000 grt

Bharat Line Ltd founded

1946

Indian delegation including Shantikumar Morarjee, M A Master, David S Erulkar, H M Trivedi, Capt Ookerjee and C M Master took part in the Maritime Conference of the International Labour Organisation held at Seattle (US). M A Master was elected to the Joint Maritime Commission.

India Steamship Company under Indian management began operating its own ships, establishing for the first time regular Indian services between Calcutta and UK/Continent

1947

The Sub-Committee appointed by the Reconstruction Policy Committee submitted its report to the Committee in March

Delegation of Indian shipowners sponsored by the Government of India and led by Walchand Hirachand proceeded to London in July for a Conference with British shipping interests to discuss participation of Indian interests in the overseas trades of India. The Conference was a failure owing to the unco-operative attitude of the British interests.

Sinking of *ss Ramdas* of the Indian Co-operative Navigation & Trading Co., a subsidiary of the Scindia Company off Bombay Harbour in July.

Independence, 15th August. Indian shipping hoped for better days under National Government. Great enthusiasm for expanding Indian tonnage. First Indian regular overseas services between India and USA started by the Scindia Steam Navigation Company.

Shipping Conference in Bombay on November 11, under the Chairmanship of the then Commerce Minister, C. H. Bhabha.

A part of the new policy was that the Government would take immediate steps to establish two or three shipping corporations in which 51 per cent of the total capital would be contributed by Government.

Indian tonnage 192,000 gross tons

1948

INSOA reorganised, new members joined. Walchand Hirachand elected President.

The first Indian regular overseas cargo services from Bombay to UK/Continent was inaugurated by the Scindias in February. Two vessels which were employed for this purpose were cargo-cum-passenger steamers, and thus a passenger service was also established simultaneously.

- First Indian built ship, *Jalausha*, was launched by Prime Minister Jawaharlal Nehru, from the Visakhapatnam yard (March 14).

Three Indian shipping companies were floated, *viz.*, The Great Eastern Shipping Co. Ltd., National Steamship Co. Ltd., and the South-East Asia Shipping Co. Ltd.

West Coast Major Ports Development Committee appointed to recommend two ports for development into major ports, one north of Bombay, and another between Bombay and Cochin. Committee recommended Kandla as the port north of Bombay. Decision taken by Government to develop Kandla.

Dutch shipping Line withdrew from Conferences covering trades between India-Pakistan and Continent, (Dec. 27) as its demand for 40 sailings a year in the trades was refused.

The administrative control of the Bengal Pilot Service, the origins of which go back to the 16th century when the Portuguese first appeared on the Hooghly, was transferred to the Commissioners for the Port of Calcutta on May 16.

Indian delegation of N. Raghavan Pillay, A. Ramaswami Mudaliar, M. A. Master and L. K. Jha participated in the United Nations Maritime Conference held at Geneva. This Conference drew up the IMCO Convention.

Indian tonnage 319,000 gross tons

1949

Indian Shipping, Journal of the Indian National Steamship Owners' Association, started publication

Government of India published the Bombay Dock Workers' (regulation of Employment) Scheme, 1949 in an *Extraordinary Gazette* in September and circulated it among interested organisations for comments

Dutch Line started rate war (March 11) in the India/Continent trade. Rates were brought down to nearly 10 per cent of the Conference rate. Rate war ended on May 5 and a meeting of member lines of the Conference was later held in London to consider the situation. The outcome was not favourable to Indian interests and the Dutch lines got increased share of the trade.

Directorate General of Shipping established. Arthur S. Lall appointed first Director General of Shipping and David S. Erulkar, Jr. Director General.

Indian Company sponsored by Government of Madras, the Swadeshi Steamship Co., started a cargo-cum-passenger service between Tuticorin and Colombo.

Indian tonnage 356,214 gross tons

1950

India became a sovereign Republic (Jan 26). New National colours for Indian ships came into force.

The first Government-cum-private shipping enterprise, the Eastern Shipping Corporation, established with an initial capital of Rs. 2 crores (March) with Scindias as Managing Agents.

The two Indian affiliated member lines were admitted (April) as full members of the Conferences covering trades between India-Pakistan/UK-Continent.

The Minister of Commerce, Sri Prakasa, announced on August 15 that coastal reservation would be completed by 15th August 1951.

Cargo-cum-passenger service between India and Singapore opened for the first time by an Indian ship *Jalagopal*, chartered by the Eastern Shipping Corporation from the Scindia company. This was also the first time an ocean-going Indian passenger vessel sailed the high seas under the command of an Indian Captain with 100 per cent Indian officers and crew.

German (Hansa) Line re-opened in December, for the first time after the war, services to the Persian Gulf and Karachi. All ships to call at Bombay if sufficient inducement was available.

Sir William Currie revealed at the annual meeting of the P & O Company that the Government of India had invited the company to assist them with participation of capital in building up the merchant navy of India. Negotiations were dropped due to protests from Indian interests.

Indian tonnage 362,152 gross tons

1951

Indian Coastal Conference came into being replacing the erstwhile Tripartite Conference as a sequel to the reservation of the Coastal trade to Indian ships

Melhala commenced functioning as a Training ship for seamen at Visakhapatnam in February

Port Trust & Ports (Amendment) Act passed

Outline of First Five-Year Plan published by the Planning Commission of the Government of India The Plan programme for shipping envisaged a tonnage target of 600,000 gross tons of shipping by 31st March 1956 and provided Rs 14.94 crores for development of coastal and overseas shipping

Indian tonnage 390,707 gross tons

1952

On January 10, Prime Minister Jawaharlal Nehru laid the foundation-stone of the Kandla Port

Bombay Dock Labour Board started functioning from February 1

From March 1, new rule regarding national colours for Indian ships came into force The proper national colours were declared to be "a red ensign consisting of a red flag with width equal to one half its length, and the National Flag of India superimposed in the top quarter next to the staff"

The Hindustan Shipyard Ltd, took over the Scindia Shipbuilding Yard at Visakhapatnam on 1st March By this time eight cargo ships of 8,000 dwt each had been built at the yard by the Scindia company

Reservation of Coastal trade for Indian ships completed

Hull insurance market established in India with the successful negotiations concluded by the Indian shipping companies with the New India Assurance Company as the leader

Silver Jubilee celebrations of the Training Ship *Dufferin* (December 5) were inaugurated by the Prime Minister

1953

Eastern Shipping Corporation inaugurated its Far-East cargo service in December

Death of Walchand Hirachand at the age of 72

First Indian Naval Review in Bombay by the President Dr Rajendra Prasad, in which ships of Indian merchant marine also participated

First Asian Maritime Conference of the International Labour Organisation held at Nuwara Eliya (Ceylon) in October

Indian tonnage 435,300 gross tons.

1954

Deck Passenger Welfare Committees appointed at the three major ports of Bombay, Madras and Calcutta

Federation of Indian Dock Workers Unions, called the Indian National Dock Workers' Federation, formed in Bombay

Eastern Shipping Corporation started passenger-lim-cargo service to East Africa with m.v. *State of Bombay* (ex Scindia vessel) Bunk provided for all deck passengers, besides other improved amenities

Indian tonnage 465,264 gross tons

1955

Kandla declared a Major Port (8th April) Oil tanker discharge facilities opened

National Welfare Board for Seafarers constituted on August 16, with Minister of Transport as Chairman

First India built motor-vessel, *Jalavihar*, completed at the Visakhapatnam yard

A Rail-Sea Co-ordination Committee was appointed by the Government of India under the chairmanship of N S Lokur in June to suggest ways and means of rationalising the development of railways and coastal shipping

Indian tonnage 478,307 gross tons

1956

Second Five Year Plan provided for the addition of 90,000 grt including 90,000 grt for replacement to increase the Indian merchant tonnage at the end of the Plan period (March 1961) to 900,000 grt Financial provision made was Rs 37 crores which included Rs 20 crores for expenditure in the public sector Almost the entire provision was utilised by 31st March, 1957.

Shipping agreement concluded by the Government of India with the Government of the USSR providing for the operation of six Indian ships and six Soviet ships between Indian and Black Sea Ports for carrying the cargoes covered by the Trade Agreement concluded by the two countries in December 1955

Indian Territorial Waters Limit extended to six miles by proclamation of President in March

First direct shipping service from west coast of India to West Africa opened by Scindia

Eastern Shipping Corporation became a full-fledged State enterprise with effect from 15th August, 1956, by virtue of the new Companies Act

First Tanker *Jag Jyoti* acquired by an Indian shipping company (Great Eastern) in March Second Tanker *Desh-seval* acquired in the public sector in September

1957

Sumati Morarjee elected President of INSOA, becoming the first woman head of any shipowners organization in the world

The Government of India Budget proposed Wealth Tax on assets of Corporations as well as of individuals INSOA under the Presidentship of Sumati Morarjee made out a strong case for exempting shipping companies from the tax and succeeded in getting an exemption

Employment office opened in Bombay in September for Home Trade Seamen for registering all eligible seamen for employment on ships by rotation, on the lines of the Employment Office already established for foreign-going seamen

First passenger-cum-cargo vessel, m.v. *Andamans*, built by the Hindustan Shipyard, Vizag

National Maritime Board set up as a bipartite body of shipowners and seamen for securing closer co-operation and providing joint negotiating machinery between them

Minister of Shipping, Raj Bahadur stated in Parliament, in regard to participation of foreign capital in Indian Shipping that "at any rate, partnership on the basis of 51:49 can always be considered"

Indian tonnage 576,529 gross tons

1958

Shipping Co-ordination Committee set up in January by Government of India to ensure liaison between the various Ministries of the Government of India and other Government organizations on the one hand and the Indian shipping interests on the other with the object of making more intensive use of Indian shipping

Merchant Shipping Bill 1958 introduced in the Lok Sabha in February The Bill aimed at consolidating all the existing Indian laws relating to merchant shipping and incorporated, with suitable adaptations of relevant sections from British Merchant Shipping Act for many matters relating to shipping and also contained provisions for an administrative set-up, registration of sea-going ships, improvement of conditions of seamen, etc

The Merchant Shipping Bill embodied a definition of 'Indian ship' which would enable even foreign shipping combines to operate freely in India The Indian shipowners opposed the definition and insisted on a definition which would ensure the National character of Indian shipping The definition of 'Indian ship' which appeared in the Merchant Shipping Act 1958 was thus in keeping with this view point as emphasised in the Shipping Policy Resolution of 1947

Provision was also made in the Merchant Shipping Act, for the establishment of a National Shipping Board, which was however to be an advisory body

First major strike of port and dock workers on an all-India basis started at midnight of June 15 over implementation of Chaudhuri Committee's recommendations Over 60,000 dock and port workers participated resulting in

the loss of about 41-lakh man-hours. Strike was called off on the 25th following certain assurances given by Prime Minister

World Bank (IBRD) sanctioned two loans totalling 13 million dollars (about Rs 20 crores) for development of Calcutta and Madras Ports

Indian Liner Service to US revived with fast, modern vessels to Scindia in July

Hindustan Shipyard completed 100,000 gross tons of ships built over it started production in 1948

Indian tonnage 617,812 gross tons

1959

INSOA celebrated its Silver Jubilee (January)

The First meeting of the National Shipping Board was inaugurated by the Prime Minister, Jawaharlal Nehru. The Board was established on March 1, in accordance with the provisions of the Merchant Shipping Act, 1958, with G. L. Mehta as Chairman and 19 other members

Lok Sabha passed the Indian Lighthouse (Amendment) Bill, 1957, raising the maximum limit of light dues from Annas 4 to 50 naye paise per ton

Annual Meeting of the Indian National Steamship Owners' Association held in Bombay under the Presidentship of Sumati Morarjee. The meeting was inaugurated by Shri Raj Bahadur, Minister for Shipping

Central Advisory Committee for the sailing vessels industry constituted by the Government of India under the Chairmanship of the Director General of Shipping

L. T. Gholap, appointed Government Director on the Board of Directors of Indian Shipping companies which have availed themselves of loans from the Government of India

Indian tonnage 744,000 gross tons

1960

The Mazagaon Dock (Pvt) Ltd, the leading ship-repairing and shipbuilding yard in Bombay owned jointly by the P & O and the British India Steam Navigation Co, was taken over by the Government of India

Mogul Line owned by British interests was taken over by the Government of India, thus adding 25,899 gross tons to Indian owned tonnage

Indian tonnage 844,016 gross tons

1961

Parliament adopted the Third Five Year Plan

The Plan made a provision of Rs 55 crores for shipping. In addition, a sum of Rs 4 crores was to become available from the Shipping Development Fund and Shipping Companies expected to contribute Rs 7 crores from their own resources

First super tanker of 33,000 dwt *Adi Jayanti* acquired by the Jayanti Shipping Company Pvt Ltd

The two Government of India ventures in shipping, the Eastern Shipping Corporation and the Western Shipping Corporation, merged into The Shipping Corporation of India Ltd

Shot fired at the *ss Sabarmati* of the Scindia Steam Navigation Co, Ltd by the Portuguese from the Anjadev island near Karwar This event in a way accelerated the liberation of Goa

Indian tonnage 901,020 gross tons

1962

A book inscribed in Hindi as a memorial to the 6,500 Indian Navy and merchant marine personnel who lost their lives at sea in World War II was formally opened by the Governor of Maharashtra, Sri Ptakasa, at a solemn ceremony in Bombay The Memorial book, placed in a bronze and glass casket, has been installed in the Memorial Hall of the Indian Sailor's Home at Masjid Bunder, where the names of over 2,000 Indian seamen who fell in World War I have been commemorated

The Scindia Steam Navigation Company Ltd, resumed its services with Goa with the sailing of *ss Sabarmati* after a lapse of eight years

Share of Indian shipping lines in the trade between India and U K raised from 30.25% to 39.475%, which was agreed to be increased annually to 48.475% by 1971

One million ton grt crossed by Indian shipping according to Lloyds' Register

Indian tonnage 1,014,463 gross tons

1963

Bharata Jayanti of 32,250 dw tons, the first Indian bulk carrier, was delivered to her owners, the Jayanti Shipping Co, by the builders, the Mitsubishi Shipbuilding & Engineering Co of Japan

The Great Eastern Shipping Company of Bombay inaugurated its new shipping service between India and the ports of the Pacific coast of the US, with *mv Jag Shanti*

Proposal to establish a free trade zone at Kandla approved by the Government of India

Indian tonnage 1,216,091 gross tons

1964

Schemes for Provident Fund and gratuity for Indian seamen introduced

First National Maritime Day was celebrated on 5th April under the auspices of the Indian National Steamship Owners' Association and under the Presidentship of Sumati Morarjee

Indian tonnage 1,375,308 gross tons

1965

Coastal freight rates were increased by 10 per cent, following Government's decision to grant this increase in response to representations from the Indian Coastal Conference for an increase of 20 per cent in the rates on the ground that after June 1, 1962 when the last general increase was allowed, there had been a substantial increase in costs of operation

In the aggression launched by Pakistan against India, two vessels of the Scindia Steam Navigation Co, the *ss Jalrajendra* and the *ss Saraswati*, were impounded by the Pakistan Government in the port of Karachi. Another Indian ship, the *ss Sakeela* of R. Akoojee Jadwet Co, of Calcutta was impounded at Chittagong. Similarly three Pakistan vessels were impounded at Indian ports by the Government of India

Scheme for War Risks Insurance of Indian vessels introduced by the Government of India

Indian shipping companies suspended their services to Pakistani ports

India and Pakistan ordered their forces to cease-fire

Paradeep port becomes a Government of India responsibility

South India Shipping Corporation receives its first bulk carrier *m v Chennai Jayam* from West Germany

Indian tonnage 1,459,981 gross tons

1966

Government of India took over the management of the Jayanti Shipping Company under an ordinance promulgated by the President. A new Board of Control under the chairmanship of Nagendra Singh appointed in place of the existing Board. The management of the Company entrusted to the Shipping Corporation of India Ltd

A shipping agreement between India and West Germany signed in New Delhi

India and Pakistan agreed to exchange the three ocean-going ships detained by each other during the conflict in September 1965

Thakur Shipping Co Ltd formed under collaboration with German firm in Dusseldorf

Paradeep port opened to regular traffic

Rupee devalued by 36.5% in terms of foreign currencies

Indian tonnage 1,792,115 gross tons

1967

Conference lines in the India-U.K./Continent trade announced a reduction in the surcharge imposed after the Suez Canal closure from 17½ per cent to 15 per cent, 'in response to various appeals and as a gesture in the light of the economic situation prevailing in India and Pakistan'

Indian shipping operating in the coastal waters were permitted an increase of 10% with effect from 1st July on all cargoes excepting asphalt, cement and lubricating oil

The First National Conference on Shipping, Shipbuilding and Ports, convened by the Minister of Transport and Shipping, V K R V Rao, was inaugurated by the Deputy Prime Minister, Morarji Deesai, in New Delhi. The Conference recommended various measures including an annual allocation by the Government of India of Rs. 20 crores from the revenues to the Shipping Development Fund and the establishment of a Foreign Exchange Fund for assisting shipping companies to expand their fleets

Indian tonnage 1,887,500 gross tons

1968

First Conference on Minor Ports held at Madras under the chairmanship of V K R V. Rao, Minister of Transport and Shipping.

M. A. Master, a staunch supporter and veteran crusader of Indian shipping, received the "Padma Bhushan" award. He was felicitated by Indian Merchants Chamber, Indian National Shipowners' Association and several other organisations

Shipping Corporation of India received its first bulk carrier of 40,709 dwt from Yugoslavia.

Second session of UNCTAD had a 58-day meet in New Delhi. All the eight resolutions on shipping and international legislation relating thereto were adopted by the Plenary session of the Conference

Konkan Fares Inquiry Committee recommended a 7% increase in passenger fares on the Konkan coast and Government of India accepted the same

Shipping Corporation of India and the Scindia Steam Navigation Co. Ltd. inaugurated shipping services to West Asian ports (Persian Gulf)

Names of INSOA changed to INSA (Indian National Shipowners' Association)

Formal contract for the proposed shipyard at Cochin signed by Government of India with the Mitsubishi Heavy Industries Ltd. of Japan

Government of India decided to set up a Shipping Institute at Bombay to provide facilities for studies in shipping and shipping practices including chartering, customs procedure and marine insurance

Shipping Corporation of India Ltd. for the first time declared a dividend of 5%

First all-pallet tea shipment went forth by *m v Jalagomati* of the Scindia Steam Navigation Co. Ltd.

A three-day seminar on "Containerisation" was organised jointly by the Indian National Shipowners' Association, Directorate General of Shipping, The Shipping Corporation of India and the All India Shippers' Council at Bombay

The first Hovercraft to operate in India arrived in Bombay and taken over by the Customs Department

Fourth Plan target for shipping fixed at 4.5 million gross tons

The bipartite National Maritime Board revised the wage scales of foreign-going seamen and offered improved conditions of service

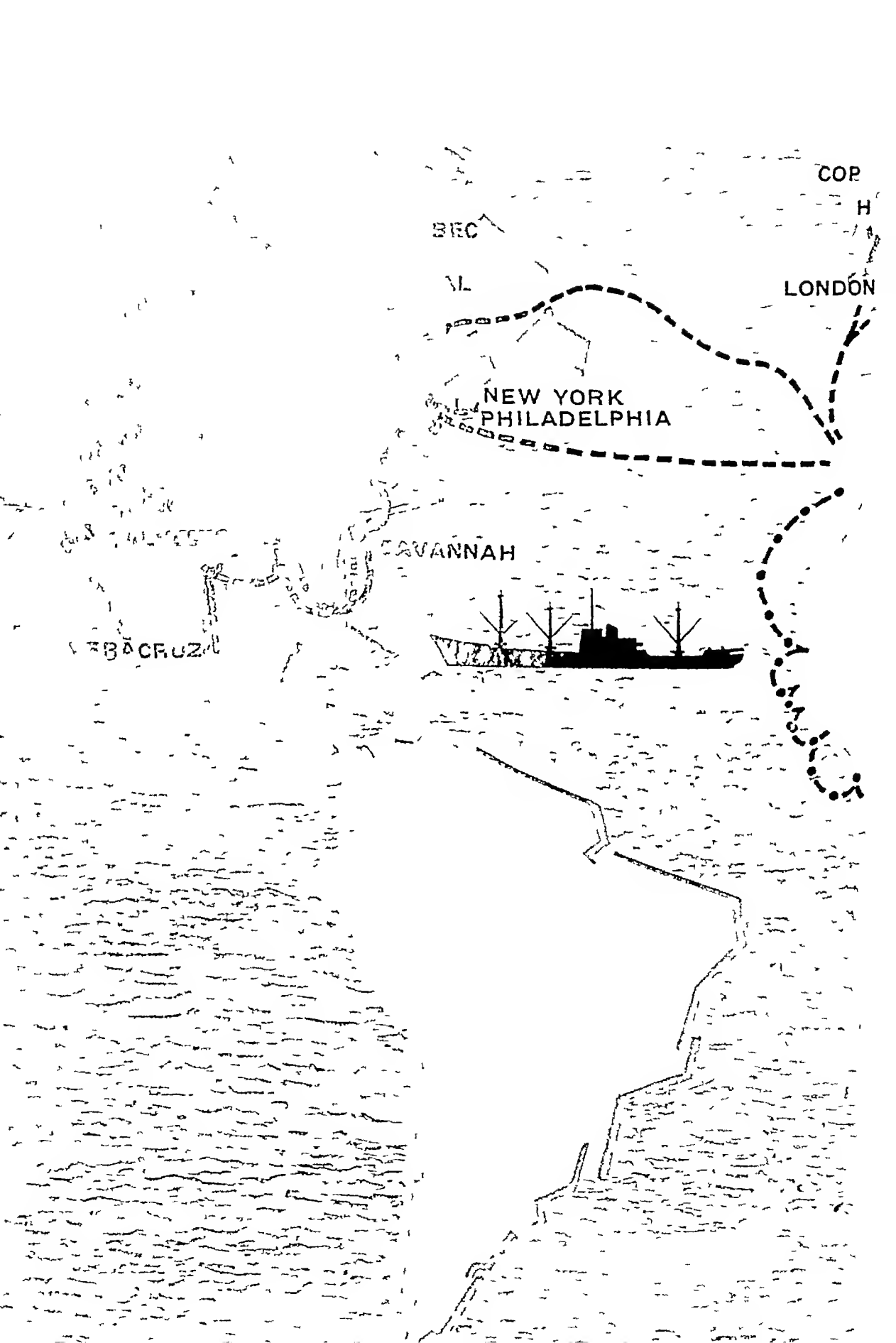
Development programme for the shipyard at Visakhapatnam approved by the Government of India on the basis of which the yard would be equipped to build six ships a year

Indian tonnage crossed the 2 million-ton mark

1969

The Scindia Steam Navigation Co., Ltd., acquired its first bulk carrier of 53,346 dwt, the biggest in Indian Register as on date, and named it *Narottam Morarjee*, after the founder and the first Chairman of the Company

The Scindia Company celebrates its Golden Jubilee on 27th March



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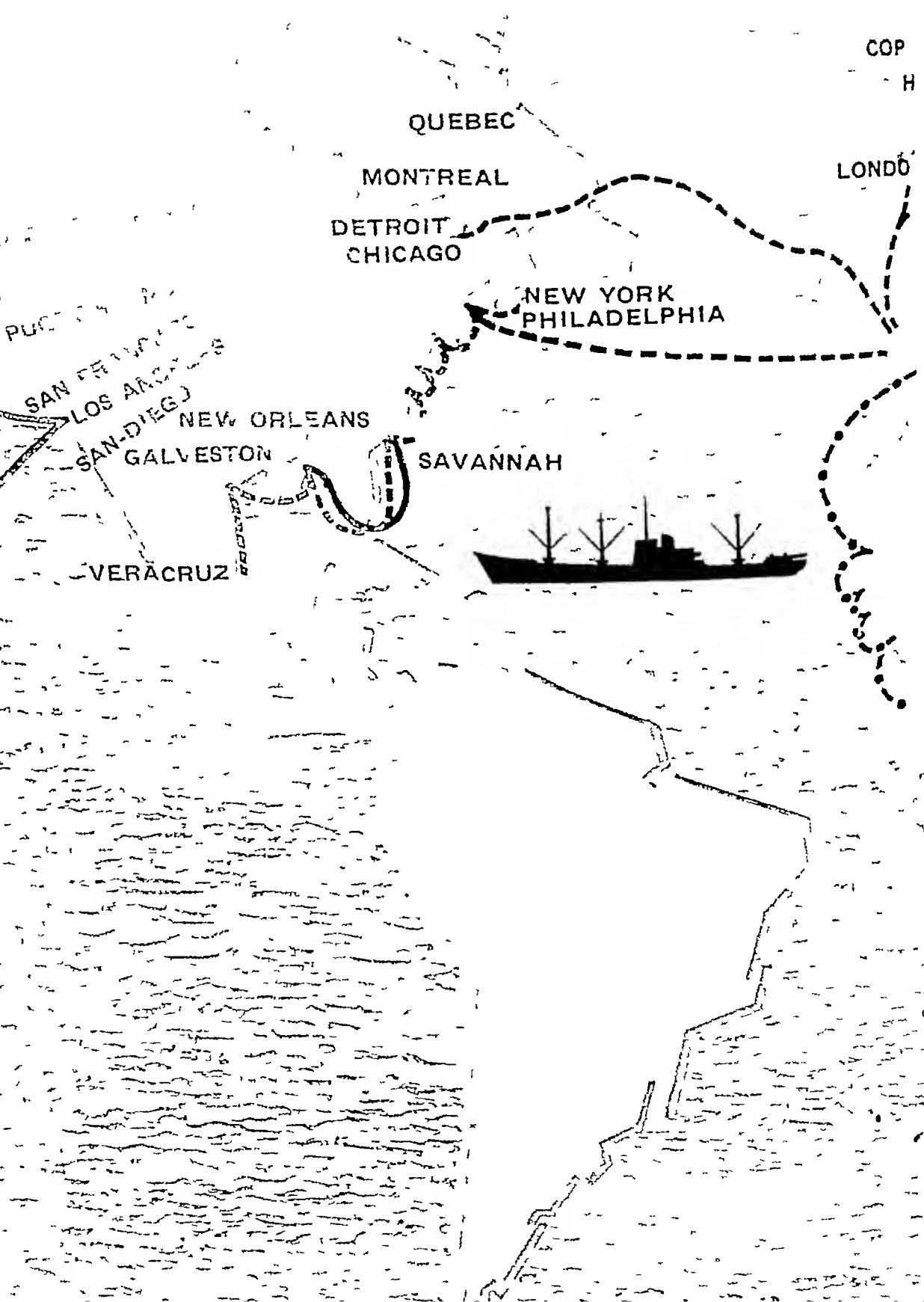
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